

CARBON COUNTY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

**CARBON COUNTY
FINANCIAL STATEMENTS
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>PAGE</u>
<u>OPINION</u> Independent Auditors' Report	1-2
<u>MD&A</u> Management's Discussion and Analysis	3-10
 <u>BASIC FINANCIAL STATEMENTS</u>	
Government-wide Financial Statements:	
EXHIBIT 1 Statement of Net Assets	11-12
EXHIBIT 2 Statement of Activities	13
Governmental Fund Financial Statements:	
EXHIBIT 3 Balance Sheet - Governmental Funds	14
EXHIBIT 4 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	15
EXHIBIT 5 Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	16
EXHIBIT 6 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
EXHIBIT 7 Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	18-23
EXHIBIT 8 Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Southeastern Utah District Health Department	24
EXHIBIT 9 Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Municipal Services Fund	25

**CARBON COUNTY
FINANCIAL STATEMENTS
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>PAGE</u>
<u>BASIC FINANCIAL STATEMENTS (Continued)</u>	
Proprietary Fund Financial Statements:	
EXHIBIT 10	Statement of Net Assets - Proprietary Funds 26
EXHIBIT 11	Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds 27
EXHIBIT 12	Statement of Cash Flows - Proprietary Funds 28-29
Fiduciary Fund Financial Statements:	
EXHIBIT 13	Statement of Fiduciary Net Assets - Fiduciary Funds 30
Component Unit Fund Financial Statements:	
EXHIBIT 14	Statement of Net Assets - Component Units 31
EXHIBIT 15	Statement of Activities - Component Units 32
	Notes to the Financial Statements 33-60
<u>SUPPLEMENTARY INFORMATION</u>	
Combining Fund Statements and Schedules:	
SCHEDULE 1	Combining Balance Sheet - Nonmajor Governmental Funds 61-62
SCHEDULE 2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds 63-64
SCHEDULE 3	Combining Statement of Net Assets - Fiduciary Funds 65
SCHEDULE 4	Schedule of Current Taxes Levied, Collected and Treasurer's Relief 66
SCHEDULE 5	Schedule of Contract Revenues/Expenditures - Southeastern Utah District Health Department 67-71

**CARBON COUNTY
FINANCIAL STATEMENTS
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>PAGE</u>
 <u>SUPPLEMENTAL STATE COMPLIANCE</u>	
Auditors' Report on State Compliance for State Grants	72-73
 <u>AUDITORS' REPORTS AND SUPPLEMENTARY SCHEDULES ACCORDING TO SINGLE AUDIT ACT AND GOVERNMENT AUDIT STANDARDS</u>	
Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	74-75
Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	76-77
Schedule of Findings and Questioned Costs	78
SCHEDULE 6 Schedule of Expenditures of Federal Awards	79-82
Notes to Schedule of Expenditures of Federal Awards	83
Summary Schedule of Prior Audit Findings	84

SMUIN, RICH & MARSING

CERTIFIED PUBLIC ACCOUNTANTS

47 North First East

Price, Utah 84501

Phone (435) 637-1203 • FAX (435) 637-8708

CRAIG G. SMUIN, C.P.A.
R. KIRT RICH, C.P.A.
GREG MARSING, C.P.A.
DOUGLAS RASMUSSEN, C.P.A.

MEMBERS

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of County Commissioners
Carbon County
Price, Utah 84501

We have audited the accompanying financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carbon County, as of December 31, 2004, and for the year then ended, which collectively comprise the County's basic financial statement as listed in the table of contents. These financial statements are the responsibility of Carbon County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carbon County as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated August 5, 2005 on our consideration of Carbon County's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 3 through 10 are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements of the County. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. These financial statements and schedules are also the responsibility of the management of the County. Such additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

SMUIN, RICH & MARSING

Smuin, Rich & Marsing

Price, Utah

August 5, 2005

**CARBON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004**

This discussion of Carbon County's financial performance provides an overview of the County's financial activities for the year ending December 31, 2004. This report is in conjunction with the County's financial statements.

The purpose of the County is to provide general services to its residents, which includes general government, public safety, public health, highways and public improvements, park and recreation, and economic development. Additional services provided to residents in the unincorporated areas include road maintenance and fire control.

Financial Highlights

- The assets of Carbon County exceeded its liabilities as of December 31, 2004 by \$78,323,226 (net assets). Of this amount, \$4,606,499 (unrestricted net assets) may be used to meet the governments' ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$1,286,693. The revenues and expenditures were less than the adopted budgeted amounts.
- At the close of the current year, the Carbon County governmental funds reported combined ending fund balances of \$5,641,170, an increase of \$1,283,684 in comparison with the prior year. Approximately 25 percent of this total amount, \$1,383,883 is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current year, unreserved fund balance for the general fund was \$797,448, or approximately 9.4 percent of total general fund expenditures.
- Carbon County's total debt did not increase during the current year.

Overview of the Financial Statements

This annual report consists of a series of financial statements. Government-wide financial statements consist of the following: the Statement of Net Assets and the Statement of Activities, which provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Fund financial statements, for governmental activities, tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. This report also contains notes and other supplementary information in addition to the basic financial statements.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of Carbon County's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of Carbon County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Carbon County is improving or deteriorating.

The Statement of Activities presents information showing revenues and expenditures of the County and how the government's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Carbon County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of Carbon County include general government, public safety, public health, highways and public improvements, parks and recreation, and economic development. The business-type activities of Carbon County are the Carbon County Municipal Building Authority and the County Court Complex.

The government-wide financial statements include not only Carbon County itself (known as the primary government), but also two legally separate special service districts, the Scofield Special Service District and the Carbon County Recreation & Transportation Special Service District, for which Carbon County is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Carbon County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Carbon County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

- Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balance of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Fund financial statements (Continued)

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Carbon County maintains eighteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, municipal services fund, capital projects fund, and southeastern Utah district health, tax stability - permanent fund, all of which are considered to be major funds. Data from the other thirteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Carbon County adopts an annual appropriated budget for all its governmental funds. Budgetary comparison statements have been provided for the general fund and major special revenue funds to demonstrate compliance with those budgets.

- Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Carbon County uses an enterprise fund to account for its County Court Complex and Municipal Building Authority operations.
- Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support Carbon County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.
- The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.
- Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Carbon County. The combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the required supplementary information.

Government-wide financial analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Carbon County, assets exceeded liabilities by \$78,323,224 at December 31, 2004.

By far the largest portion of Carbon County's net assets (93.27 percent) reflects its investment in capital assets (e.g. land, building, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. Carbon County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Carbon County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1
Net Assets

	Governmental Activities 2004	Business-Type Activities 2004	Total Primary Government 2004
Current and other assets	\$ 6,957,541	\$ 615,003	\$ 7,572,544
Capital assets	69,065,069	7,943,553	77,008,622
Total assets	<u>\$ 76,022,610</u>	<u>\$ 8,558,556</u>	<u>\$ 84,581,166</u>
Long-term debt outstanding	\$ 199,565	\$ 3,707,627	\$ 3,907,192
Other liabilities	1,825,686	525,062	2,350,748
Total liabilities	<u>\$ 2,025,251</u>	<u>\$ 4,232,689</u>	<u>\$ 6,257,940</u>
Net assets:			
Investment in capital assets, net of debt	\$ 68,865,504	\$ 4,182,566	\$ 73,048,070
Restricted	668,657		668,657
Unrestricted	4,463,198	143,301	4,606,499
Total net assets	<u><u>\$ 73,997,359</u></u>	<u><u>\$ 4,325,867</u></u>	<u><u>\$ 78,323,226</u></u>

A portion of Carbon County's net assets (0.85 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$4,606,499) may be used to meet the government's on going obligations to citizens and creditors.

At the end of the year, Carbon County is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Government-wide financial analysis (Continued)

Governmental activities increased Carbon County's net assets by \$611,880. Key elements of this increase are as follows:

Table 2
Change in Net Assets

	Governmental Activities 2004	Business-Type Activities 2004	Total Primary Government 2004
Revenues			
Program Revenues:			
Charges for services	\$ 2,798,316	\$ 502,312	\$ 3,300,628
Operating grants and contributions	7,143,273		7,143,273
Capital grants and contributions	1,325,890	188,555	1,514,445
General Revenues:			
Property taxes	5,240,157		5,240,157
Sales taxes	1,977,665		1,977,665
Other general revenues	1,439,996	7,643	1,447,639
Total revenues	\$ 19,925,297	\$ 698,510	\$ 20,623,807
Program expenses			
General government	\$ 3,808,298		\$ 3,808,298
Public safety	4,453,066		4,453,066
Public health	3,809,865		3,809,865
Highways and public improvements	5,590,613		5,590,613
Parks and recreation	900,642		900,642
Conservation & econ. development	742,833		742,833
Interest on long-term debt	8,100		8,100
MBA		\$ 332,436	332,436
County Court Complex		106,216	106,216
Total expenses	\$ 19,313,417	\$ 438,652	\$ 19,752,069
Change in net assets	\$ 611,880	\$ 259,858	\$ 871,738
Net assets - beginning	72,970,524	4,066,009	77,036,533
Prior period adjustment	414,955		414,955
Net assets - ending	\$ 73,997,359	\$ 4,325,867	\$ 78,323,226

Government-wide financial analysis (Continued)

For 2004 Carbon County experienced new growth totaling \$10,235,755 as reported to the State Tax Commission on form TC 714. This increase in new growth explains the \$365,738 increase in the General Fund property tax revenues for the County. For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

Business-type activities increased Carbon County's net assets by \$259,858. Key elements of this increase are shown in Table 2 Change in Net Assets.

As noted earlier, Carbon County used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

- **Governmental funds** -The focus of Carbon County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Carbon County's financing requirements. In particular unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the year, Carbon County's governmental funds reported combined ending fund balances of \$5,641,170, which is an increase of \$1,283,684 in comparison with the prior year. Approximately, 25 percent or \$1,383,883 constitutes unreserved fund balance, which is available for spending at the government's discretion. The general fund is the chief operating fund of Carbon County. At the end of the current year, unreserved fund balance of the general fund was \$797,448.

- **Proprietary funds** - Carbon County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Total unrestricted net assets of the proprietary funds at the end of the year amounted to \$143,301.

General Fund Budgetary Highlights

Changes from the original budget to the final are outlined below:

<u>Function</u>	<u>Original</u>	<u>Final</u>	<u>Change Inc. (Dec.)</u>
General Government	\$ 3,505,273	\$ 3,580,169	\$ 74,896
Public Safety	2,412,378	2,408,582	(3,796)
Highway and Public Improvements	975,563	1,075,963	100,400
Parks, recreation and public property	256,340	246,340	(10,000)
Other financing sources - transfers	951,920	971,920	20,000
Conservation and Economic Development	387,111	454,611	67,500
Net			<u>\$ 249,000</u>

Capital Asset and Debt Administration

Capital Assets

Carbon County's investment in capital assets for its governmental activities as of December 31, 2004, amounts to \$69,065,069 (net of accumulated depreciation). This investment in capital assets includes land, rights of way, buildings, improvements other than buildings, equipment, and infrastructure, which includes roads, highways, and bridges. The total decrease in Carbon County's capital assets for the current year was \$101,835.

Table 3
Capital Assets at Year-end
(Net of Depreciation)
2004

	Primary Government	
	Governmental Activities	Business-type Activities
Right of ways	\$ 1,319,266	
Land	1,315,317	\$ 367,492
Buildings	1,972,681	7,089,046
Improvements other than buildings	4,707,706	
Machinery and equipment	3,050,614	487,015
Infrastructure	56,553,485	
Water stock	146,000	
	<u>\$ 69,065,069</u>	<u>\$ 7,943,553</u>

Additional information on Carbon County's capital assets can be found in the notes to the financial statements.

Long-term debt

As presented in the schedule below, the total long-term debt of Carbon County was \$4,416,507, which included revenue bonds, capital leases and compensated absences.

Additional information on Carbon County's long-term debt can be found in the notes to financial statements.

<u>Description</u>	<u>Amount</u>
Revenue Bonds	\$ 3,707,627
Capital Leases	199,565
Compensated Absences	<u>509,315</u>
	<u>\$ 4,416,507</u>

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Carbon County is 7.2 percent, which is a slight decrease from a rate of 7.3 percent a year ago. This is higher than both the state's average unemployment rate of 5.2 percent and the national average rate of 5.5 percent.
- The value of new residential construction increased by approximately 7.8 percent. Non-residential construction increased by approximately 9.0 percent indicating a slight acceleration in our economic activity.

All of these factors were considered in preparing Carbon County's budget for the 2005 year.

Requests for Information

This financial report is designed to provide a general overview of Carbon County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Carbon County Clerk-Auditor, 120 East Main, Price, Utah, 84501.

CARBON COUNTY
STATEMENT OF NET ASSETS
DECEMBER 31, 2004

	PRIMARY GOVERNMENT			
	GOVERN- MENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
ASSETS				
Cash and cash equivalents	\$ 1,186,552	\$ 417,007	\$ 1,603,559	\$ 933,355
Investments	2,376,118		2,376,118	2,305,887
Investments - restricted	1,222,147		1,222,147	6,155,776
Due from other governments				1,684,931
Restricted cash	20,947		20,947	
Taxes receivable	838,714		838,714	
Notes receivable	927,736		927,736	
Miscellaneous receivables		197,996	197,996	
Due from other funds	381,207		381,207	
Inventory of supplies	4,120		4,120	
Capital assets (net of accumulated depreciation):				
Land	1,315,317	367,492	1,682,809	1,421,615
Rights-of-way	1,319,266		1,319,266	
Water stock	146,000		146,000	110,000
Buildings	1,972,681	7,089,046	9,061,727	109,875
Improvements other than buildings	4,707,706		4,707,706	1,606,796
Machinery and equipment	3,050,614	487,015	3,537,629	199,917
Infrastructure	56,553,485		56,553,485	
Total assets	\$ 76,022,610	\$ 8,558,556	\$ 84,581,166	\$ 14,528,152
LIABILITIES				
Accounts payable	\$ 954,014	\$ 3,670	\$ 957,684	\$ 19,153
Accrued payroll	204,832		204,832	
Accrued liabilities	143,165		143,165	476
Deferred revenue	14,360		14,360	
Deferred rents		86,825	86,825	
Due to other funds		381,207	381,207	
Bond interest payable		53,360	53,360	101,952
Revenue bonds payable - Due within one year		301,300	301,300	1,027,763
Revenue bonds payable - Due in more than one year		3,406,327	3,406,327	6,718,482
Capital leases payable - Due in more than one year	199,565		199,565	
Compensated absences	509,315		509,315	
Total liabilities	\$ 2,025,251	\$ 4,232,689	\$ 6,257,940	\$ 7,867,826

"The notes to the financial statements are an integral part of this statement."

CARBON COUNTY
STATEMENT OF NET ASSETS
DECEMBER 31, 2004

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERN- MENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL	
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	\$ 68,865,504	\$ 4,182,566	\$ 73,048,070	\$ 2,764,517
Restricted for:				
Class "B" roads	412,616		412,616	
Landfill	20,947		20,947	
Restaurant tax	235,094		235,094	
Capital projects				2,564,439
Debt service				4,186,852
Unrestricted	<u>4,463,198</u>	<u>143,301</u>	<u>4,606,499</u>	<u>(2,855,482)</u>
Total net assets	<u>\$ 73,997,359</u>	<u>\$ 4,325,867</u>	<u>\$ 78,323,226</u>	<u>\$ 6,660,326</u>

"The notes to the financial statements are an integral part of this statement."

CARBON COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2004

Function/Programs	PROGRAM REVENUES			NET (EXPENSE) REVENUE & CHANGES IN NET ASSETS		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		COMPONENTS UNITS
				GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
Primary government:						
Governmental activities:						
General government	\$ 3,808,298	\$ 654,904	\$ 74,731	\$ (3,078,663)	\$ (3,078,663)	
Public safety	4,453,066	1,106,505	427,231	(2,919,330)	(2,919,330)	
Highways and public improvements	5,590,613		3,843,369	(421,354)	(421,354)	
Public health	3,809,865	878,931	2,220,881	(710,053)	(710,053)	
Parks and recreation	900,642	157,976	517,429	(225,237)	(225,237)	
Conservation	742,833		59,632	(683,201)	(683,201)	
Interest on long-term debt	8,100			(8,100)	(8,100)	
Total governmental activities	\$ 19,313,417	\$ 2,798,316	\$ 7,143,273	\$ (8,045,938)	\$ (8,045,938)	
Business-type activities						
Municipal Building Authority	\$ 332,436	\$ 328,662	\$	\$	\$ 184,781	\$ 184,781
County Court Complex	106,216	173,650			67,434	67,434
Total business-type activities	\$ 438,652	\$ 502,312	\$	\$	\$ 252,215	\$ 252,215
Total primary government	\$ 19,752,069	\$ 3,300,628	\$ 7,143,273	\$ (8,045,938)	\$ 252,215	\$ (7,793,723)
Component Units:						
Carbon County Recreation & Transportation						\$ 3,552,502
Special Service District						(23,585)
Scofield Reservoir Special Service District						
Total component units	\$	\$	\$	\$	\$	\$ 3,528,917
General revenues:						
Property taxes				\$ 5,240,157	\$	\$ 5,240,157
Sales taxes				1,977,665		1,977,665
Grants and contributions not restricted to specific programs				697,899		697,899
Unrestricted investment earnings				100,221	\$ 7,643	107,864
Royalties				105,354		105,354
Gain/(Loss) on sale of fixed assets				99,505		99,505
Miscellaneous				437,017		437,017
Total general revenues and transfers				\$ 8,657,818	\$ 7,643	\$ 8,665,461
Change in net assets						
Net assets - beginning				\$ 611,880	\$ 259,858	\$ 871,738
Prior period adjustment				72,970,524	4,066,009	77,036,533
Net assets - ending				\$ 73,997,359	\$ 4,325,867	\$ 78,323,226
						\$ 6,660,326

The notes to the financial statements are an integral part of this statement.

**CARBON COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	SOUTHEASTERN UTAH					TOTAL	
	GENERAL FUND	DISTRICT HEALTH	MUNICIPAL SERVICES	TAX STABILITY	CAPITAL PROJECT	OTHER GOVERNMENTAL FUNDS	GOVERNMENTAL FUNDS
ASSETS							
Cash	\$ 141,290	\$ 410,505		\$ 17,571		\$ 617,186	\$ 1,186,552
Restricted cash	20,947						20,947
Investments	33,984		\$ 2,135,918	1,222,147	\$ 206,216		3,598,265
Receivables (net):							
Taxes	806,036		32,678				838,714
Other	189,606	239,821	297,824		101,695	98,790	927,736
Due from other funds	433,192						433,192
Inventories		4,120					4,120
Total assets	\$ 1,625,055	\$ 654,446	\$ 2,466,420	\$ 1,239,718	\$ 307,911	\$ 715,976	\$ 7,009,526
LIABILITIES AND FUND BALANCES							
Liabilities:							
Due to other funds						\$ 51,985	\$ 51,985
Accounts payable	\$ 320,128	\$ 79,346	\$ 318,229		\$ 173,877	\$ 62,434	\$ 954,014
Accrued payroll	170,857	33,975					204,832
Accrued liabilities	80,581	112	47,428			15,044	143,165
Deferred revenue			14,360				14,360
Total liabilities	\$ 571,566	\$ 113,433	\$ 380,017	\$	\$ 173,877	\$ 129,463	\$ 1,368,356
Fund balances:							
Reserved for:			\$ 1,673,787		\$ 134,034		\$ 1,673,787
Municipal Services							134,034
Capital Projects							541,013
Health care							412,616
Class "B" Road		\$ 541,013	412,616				235,094
Economic Development	\$ 235,094						20,947
Landfill	20,947						78
Debt Service						\$ 78	78
Unreserved, reported in:							
General fund	797,448					586,435	797,448
Special revenue funds							586,435
Permanent funds							1,239,718
Total fund balances	\$ 1,053,489	\$ 541,013	\$ 2,086,403	\$ 1,239,718	\$ 134,034	\$ 586,513	\$ 5,641,170
Total liabilities and fund balances	\$ 1,625,055	\$ 654,446	\$ 2,466,420	\$ 1,239,718	\$ 307,911	\$ 715,976	\$ 7,009,526

"The notes to the financial statements are an integral part of this statement."

CARBON COUNTY
BALANCE SHEET RECONCILIATION TO
STATEMENT OF NET ASSETS
DECEMBER 31, 2004

Total fund balances - governmental fund types:

\$ 5,641,170

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. These assets consist of:

Land	\$	1,315,317
Rights of Way		1,319,266
Water stock		146,000
Buildings		1,972,681
Improvements other than buildings		4,707,706
Fixtures and equipment		3,050,614
Infrastructure		<u>56,553,485</u>

Total

69,065,069

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Capital leases payable - Due in more than one year	\$	(199,565)
Compensated absences		<u>(509,315)</u>

Total

(708,880)

Net assets of government activities

\$ 73,997,359

"The notes to the financial statements are an integral part of this statement."

CARBON COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	GENERAL FUND	SOUTHEASTERN DISTRICT HEALTH	UTAH	MUNICIPAL SERVICES	TAX STABILITY	CAPITAL PROJECT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:								
Taxes	\$ 6,056,702			\$ 1,014,651			\$ 146,468	\$ 7,217,821
Licenses and permits	28,826			85,297				114,123
Intergovernmental revenues	441,044	\$ 1,941,868		4,602,185	\$ 1,325,890		549,645	8,860,632
Charges for services	913,544	878,931		86,720			113,065	1,992,260
Fines and forfeitures	298,728				\$ 20,780			298,728
Interest income			4,941	7,166			306,429	32,887
Contributions							321,536	306,429
Miscellaneous	783,307							1,104,843
Total revenues	\$ 8,522,151	\$ 2,825,740		\$ 5,796,019	\$ 20,780	\$ 1,325,890	\$ 1,437,143	\$ 19,927,723
EXPENDITURES:								
Current:								
General government	\$ 3,521,036			\$ 184,469			\$ 111,621	\$ 3,705,505
Public safety	2,342,630			2,064,965				4,519,216
Highways and public improvements	1,111,876			2,244,621				3,356,497
Public health	206,660	\$ 2,664,964					913,607	3,785,231
Parks, recreation, and public property	239,804			7,236			950,563	1,197,603
Conservation and economic development	439,962					\$ 1,302,842	299,658	739,620
Capital outlay								1,302,842
Debt service:			29,425					29,425
Principal retirement			8,100					8,100
Interest and fiscal charges								
Total expenditures	\$ 7,861,968	\$ 2,702,489		\$ 4,501,291	\$	\$ 1,302,842	\$ 2,275,449	\$ 18,644,039
Excess revenues over (under) expenditures	\$ 660,183	\$ 123,251		\$ 1,294,728	\$ 20,780	\$ 23,048	\$ (838,306)	\$ 1,283,684
OTHER FINANCING SOURCES (USES):								
Transfers in	\$ 654,780				\$ 20,000		\$ 966,920	\$ 1,641,700
Transfers out	(971,920)			\$ (634,000)	(20,780)		(15,000)	(1,641,700)
Total other financing sources (uses)	\$ (317,140)	\$		\$ (634,000)	\$ (780)	\$	\$ 951,920	\$
Excess of revenues and other sources over (under) expenditures and other uses	\$ 343,043	\$ 123,251		\$ 660,728	\$ 20,000	\$ 23,048	\$ 113,614	\$ 1,283,684
FUND BALANCES - beginning of year	710,446	417,762		1,425,675	1,219,718	110,986	472,899	4,357,486
FUND BALANCES - end of year	\$ 1,053,489	\$ 541,013		\$ 2,086,403	\$ 1,239,718	\$ 134,034	\$ 586,513	\$ 5,641,170

"The notes to the financial statements are an integral part of this statement."

CARBON COUNTY
STATEMENT OF CHANGES RECONCILIATION TO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2004

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds \$ 1,283,684

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

General government	\$	16,129	
Public safety		269,577	
Public health		50,552	
Highways		453,952	
Parks and recreation		401,398	
Capital outlay		<u>1,302,842</u>	
 Total assets shown as expenditures		 \$ 2,494,450	
Less: depreciation		<u>(3,173,342)</u>	
 Difference between expenditure and depreciation			 (678,892)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade ins, and donations) is to increase net assets. (2,426)

The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items. 29,425

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (19,911)

Change in net assets of governmental activities \$ 611,880

"The notes to the financial statements are an integral part of this statement."

**CARBON COUNTY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2004**

	BUDGET AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
REVENUES				
Taxes:				
General property taxes - current year	\$ 3,300,000	\$ 3,549,000	\$ 3,791,100	\$ 242,100
General property taxes - assessing & collecting	642,000	642,000	698,250	56,250
Prior year taxes - delinquent	120,000	120,000	107,591	(12,409)
General sales and use taxes	800,000	800,000	827,820	27,820
Fees in lieu of taxes	630,000	630,000	418,178	(211,822)
Franchise taxes	43,000	43,000	48,274	5,274
Restaurant tax	120,000	120,000	161,492	41,492
Miscellaneous taxes	3,000	3,000	3,997	997
Total taxes	\$ 5,658,000	\$ 5,907,000	\$ 6,056,702	\$ 149,702
Licenses and Permits:				
Business licenses and permits	\$ 34,000	\$ 34,000	\$ 26,776	\$ (7,224)
Non-business licenses and permits	3,000	3,000	2,050	(950)
Total licenses and permits	\$ 37,000	\$ 37,000	\$ 28,826	\$ (8,174)
Intergovernmental Revenues:				
Federal sources -				
Children's Justice	\$ 256,600	\$ 256,600	\$ 242,333	\$ (14,267)
Victims of Crime	42,100	42,100	22,358	(19,742)
Forest Reserve			1,884	1,884
Council on Defense	7,500	7,500	7,500	
Total federal sources	\$ 306,200	\$ 306,200	\$ 274,075	\$ (32,125)
State sources -				
Payment in lieu of tax	\$ 94,000	\$ 94,000	\$ 88,188	\$ (5,812)
Other state grants	35,000	35,800	54,827	19,027
Library service grant	13,200	13,200	19,904	6,704
EMS Grant	25,000	25,000	4,050	(20,950)
Total state sources	\$ 167,200	\$ 168,000	\$ 166,969	\$ (1,031)
Total intergovernmental revenues	\$ 473,400	\$ 474,200	\$ 441,044	\$ (33,156)

The notes to the financial statements are an integral part of this statement.

**CARBON COUNTY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2004**

	BUDGET AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
Charges for Services:				
General government -				
Recorder fees	\$ 140,000	\$ 140,000	\$ 111,040	\$ (28,960)
Auditor fees	15,000	15,000	10,601	(4,399)
Total general government	\$ 155,000	\$ 155,000	\$ 121,641	\$ (33,359)
Public safety -				
Jail fees	\$ 155,000	\$ 155,000	\$ 212,038	\$ 57,038
Court costs and fees	60,000	60,000	88,824	28,824
Total public safety	\$ 215,000	\$ 215,000	\$ 300,862	\$ 85,862
Other charges for services -				
Parks and public property	\$ 21,000	\$ 21,000	\$ 24,299	\$ 3,299
Ambulance fees	390,000	390,000	443,249	53,249
Miscellaneous	8,500	8,500	7,609	(891)
G.I.S. fees	1,000	1,000	15,884	14,884
Total other charges for services	\$ 420,500	\$ 420,500	\$ 491,041	\$ 70,541
Total charges for services	\$ 790,500	\$ 790,500	\$ 913,544	\$ 123,044
Fines and Forfeitures:				
Fines	\$ 365,000	\$ 365,000	\$ 298,728	\$ (66,272)
Total fines and forfeitures	\$ 365,000	\$ 365,000	\$ 298,728	\$ (66,272)

The notes to the financial statements are an integral part of this statement.

**CARBON COUNTY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2004**

	BUDGET AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
Miscellaneous Revenues:				
Interest	\$ 35,000	\$ 35,000	\$ 71,161	\$ 36,161
Rents and concessions	46,900	19,000	20,612	1,612
Royalties	125,000	125,000	105,354	(19,646)
Sale of fixed assets	25,000	25,000	101,931	76,931
Airport fees and fuel sales	148,800	145,000	182,962	37,962
Tippage fees - ECDC	234,000	234,000	189,632	(44,368)
Miscellaneous	112,100	143,000	111,655	(31,345)
Total miscellaneous revenues	\$ 726,800	\$ 726,000	\$ 783,307	\$ 57,307
Total Revenues	\$ 8,050,700	\$ 8,299,700	\$ 8,522,151	\$ 222,451

The notes to the financial statements are an integral part of this statement.

**CARBON COUNTY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2004**

	BUDGET AMOUNTS			VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL AMOUNTS	
EXPENDITURES				
Current:				
General Government:				
Commission	\$ 220,274	\$ 242,874	\$ 234,401	\$ 8,473
Justice court	280,144	280,144	273,027	7,117
District court	7,000	7,000	3,115	3,885
Public defender	180,000	192,000	200,993	(8,993)
Personel	54,764	69,764	69,493	271
Clerk/Auditor	233,854	214,700	211,726	2,974
Treasurer	123,522	118,572	114,446	4,126
Recorder	169,924	172,924	171,809	1,115
Attorney	495,928	485,578	478,423	7,155
Assessor	324,969	313,769	301,645	12,124
Non-Departmental	359,000	335,000	366,117	(31,117)
Data processing	121,508	205,558	202,429	3,129
Law library	2,000	2,000	1,221	779
Central purchasing	4,000	4,000	1,298	2,702
Micro filming	23,864	25,864	25,216	648
Central mailing	32,000	32,000	27,948	4,052
Communications	107,594	108,594	101,767	6,827
Attorney - Childrens Justice	256,650	256,650	241,365	15,285
Building and grounds	107,800	105,800	97,525	8,275
Engineering	151,924	151,924	148,469	3,455
Elections	37,100	39,100	37,178	1,922
Graphical information service	141,460	146,360	143,004	3,356
Industrial park	69,994	69,994	68,421	1,573
Total general government	\$ 3,505,273	\$ 3,580,169	\$ 3,521,036	\$ 59,133
Public Safety:				
Victims rights	\$ 42,105	\$ 42,105	\$ 30,680	\$ 11,425
Dispatch	147,000	147,100	147,045	55
Ambulance service	613,120	623,120	620,837	2,283
Jail complex	1,555,437	1,532,341	1,482,915	49,426
Civil defense	54,716	63,916	61,153	2,763
Total public safety	\$ 2,412,378	\$ 2,408,582	\$ 2,342,630	\$ 65,952

The notes to the financial statements are an integral part of this statement.

CARBON COUNTY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2004

	BUDGET AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
Public Health:				
Indigent	\$ 6,500	\$ 6,500	\$ 6,045	\$ 455
Public health	107,536	107,536	107,536	
Mental health	102,079	102,079	93,079	9,000
Total public health	\$ 216,115	\$ 216,115	\$ 206,660	\$ 9,455
Highways and Public Improvements:				
Landfill	\$ 362,312	\$ 328,812	\$ 377,296	\$ (48,484)
Maintenance and abatement	366,544	402,444	398,487	3,957
Airport	246,707	344,707	336,093	8,614
Total highways and public improvements	\$ 975,563	\$ 1,075,963	\$ 1,111,876	\$ (35,913)
Parks, Recreation and Public Property:				
Recreation - Television	\$ 160,164	\$ 160,164	\$ 157,354	\$ 2,810
Library	96,176	86,176	82,450	3,726
Total parks, recreation and public property	\$ 256,340	\$ 246,340	\$ 239,804	\$ 6,536
Conservation and Economic Development:				
Agriculture and extension services	\$ 51,864	\$ 53,864	\$ 51,509	\$ 2,355
Water development	30,027	47,027	46,158	869
Economic development - restaurant tax	120,000	234,000	222,686	11,314
Contributions to other governments	185,220	119,720	119,609	111
Total conservation and economic development	\$ 387,111	\$ 454,611	\$ 439,962	\$ 14,649
Total expenditures	\$ 7,752,780	\$ 7,981,780	\$ 7,861,968	\$ 119,812
Excess of revenues over (under) expenditures	\$ 297,920	\$ 317,920	\$ 660,183	\$ 342,263

The notes to the financial statements are an integral part of this statement.

CARBON COUNTY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2004

	BUDGET AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 654,000	\$ 654,000	\$ 654,780	\$ 780
Transfers out	(951,920)	(971,920)	(971,920)	
Total other financing sources (uses)	\$ (297,920)	\$ (317,920)	\$ (317,140)	\$ 780
 Excess of revenues and other sources over (under) expenditures and other uses	 \$...	 \$...	 \$ 343,043	 \$ 343,043
 Fund balance - beginning of year	 	 	 710,446	 710,446
 Fund balance - end of year	 \$...	 \$...	 \$ 1,053,489	 \$ 1,053,489

The notes to the financial statements are an integral part of this statement.

CARBON COUNTY
SOUTHEASTERN UTAH DISTRICT HEALTH DEPARTMENT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET</u>
				<u>FAVORABLE</u>
				<u>(UNFAVORABLE)</u>
REVENUES				
Intergovernmental				
Federal, State and Local funds	\$ 2,960,460	\$ 2,934,960	\$ 1,941,868	\$ (993,092)
Total Intergovernmental	\$ 2,960,460	\$ 2,934,960	\$ 1,941,868	\$ (993,092)
Charges for services				
Charges for services	\$ 620,000	\$ 620,000	\$ 878,931	\$ 258,931
Total Charges for services	\$ 620,000	\$ 620,000	\$ 878,931	\$ 258,931
Miscellaneous				
Investment earnings			\$ 4,941	\$ 4,941
Total miscellaneous	\$...	\$...	\$ 4,941	\$ 4,941
Total Revenues	\$ 3,580,460	\$ 3,554,960	\$ 2,825,740	\$ (729,220)
EXPENDITURES				
Current:				
Public health	\$ 3,580,460	\$ 3,554,960	\$ 2,702,489	\$ 852,471
Total public health	\$ 3,580,460	\$ 3,554,960	\$ 2,702,489	\$ 852,471
Total expenditures	\$ 3,580,460	\$ 3,554,960	\$ 2,702,489	\$ 852,471
Excess of revenue over (under)				
expenditures	\$...	\$...	\$ 123,251	\$ 123,251
Fund balance - beginning of year			417,762	417,762
Fund balance - end of year	\$...	\$...	\$ 541,013	\$ 541,013

"The notes to the financial statements are an integral part of this statement."

**CARBON COUNTY
MUNICIPAL SERVICES FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET</u>
				<u>FAVORABLE</u>
				<u>(UNFAVORABLE)</u>
REVENUES				
Taxes	\$ 940,500	\$ 940,500	\$ 1,014,651	\$ 74,151
Licenses and permits	84,500	84,500	85,297	797
Intergovernmental	3,730,700	3,818,700	4,602,185	783,485
Charges for services	77,000	77,000	86,720	9,720
Miscellaneous	49,000	49,000	7,166	(41,834)
Contributions	117,362	234,362		(234,362)
Total Revenues	\$ 4,999,062	\$ 5,204,062	\$ 5,796,019	\$ 591,957
EXPENDITURES				
General government	\$ 186,436	\$ 195,036	\$ 184,469	\$ 10,567
Public safety	1,736,879	2,107,850	2,064,965	42,885
Parks, recreation and public property	7,200	9,200	7,236	1,964
Highways and public improvements	2,257,976	2,257,976	2,244,621	13,355
Total expenditures	\$ 4,188,491	\$ 4,570,062	\$ 4,501,291	\$ 68,771
Excess of revenue over (under) expenditures	\$ 810,571	\$ 634,000	\$ 1,294,728	\$ 660,728
OTHER FINANCING SOURCES (USES):				
Operating transfers out	\$ (634,000)	\$ (634,000)	\$ (634,000)	
Total other financing sources (uses)	\$ (634,000)	\$ (634,000)	\$ (634,000)	\$...
Excess of revenue and other sources over (under) expenditures and other uses	\$...	\$...	\$ 660,728	\$ 660,728
Fund balance - beginning of year				
Fund balance - end of year	\$...	\$...	\$ 660,728	\$ 660,728

"The notes to the financial statements are an integral part of this statement."

**CARBON COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2004**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	MUNICIPAL BUILDING AUTHORITY	COUNTY COURT COMPLEX	TOTAL BTAs
<u>ASSETS</u>			
Current assets:			
Cash		\$ 417,007	\$ 417,007
Receivables - net			
Miscellaneous	\$ 197,996		197,996
Total current assets	\$ 197,996	\$ 417,007	\$ 615,003
Noncurrent assets:			
Land	\$ 169,492	\$ 198,000	\$ 367,492
Buildings	7,526,581	1,576,152	9,102,733
Furniture, fixtures and equipment	644,908	84,617	729,525
Accumulated depreciation	(1,474,439)	(781,758)	(2,256,197)
Total noncurrent assets	\$ 6,866,542	\$ 1,077,011	\$ 7,943,553
Total assets	\$ 7,064,538	\$ 1,494,018	\$ 8,558,556
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable		\$ 3,670	\$ 3,670
Due to other funds	\$ 381,207		381,207
Deferred rents		86,825	86,825
Accrued interest payable	53,360		53,360
Current portion of long-term liabilities	210,000	91,300	301,300
Total current liabilities	\$ 644,567	\$ 181,795	\$ 826,362
Noncurrent liabilities:			
Revenue bonds payable	\$ 3,315,027	\$ 91,300	\$ 3,406,327
Total noncurrent liabilities	\$ 3,315,027	\$ 91,300	\$ 3,406,327
Total liabilities	\$ 3,959,594	\$ 273,095	\$ 4,232,689
Net Assets:			
Invested in capital assets, net of related debt	\$ 3,288,155	\$ 894,411	\$ 4,182,566
Unrestricted	(183,211)	326,512	143,301
Total net assets	\$ 3,104,944	\$ 1,220,923	\$ 4,325,867

"The notes to the financial statements are an integral part of this statement."

CARBON COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	MUNICIPAL BUILDING AUTHORITY	COUNTY COURT COMPLEX	TOTAL BTAs
Operating revenues:			
Rental income	\$ 328,662	\$ 173,650	\$ 502,312
Total operating revenues	\$ 328,662	\$ 173,650	\$ 502,312
Operating expenses:			
Utilities		\$ 28,055	\$ 28,055
Repairs and maintenance	\$ 200	33,948	34,148
Depreciation	223,827	44,213	268,040
Total operating expenses	\$ 224,027	\$ 106,216	\$ 330,243
Operating income (loss)	\$ 104,635	\$ 67,434	\$ 172,069
Nonoperating revenues (expenses):			
Interest revenue	\$ 7,643		\$ 7,643
Interest expense	(108,409)		(108,409)
Grant revenue	188,555		188,555
Total nonoperating revenues (expenses)	\$ 87,789	\$...	\$ 87,789
Income (loss) before contributions and transfers	\$ 192,424	\$ 67,434	\$ 259,858
Transfers:			
Transfers in (out)			
Total transfers in (out)	\$...	\$...	\$...
Change in net assets	\$ 192,424	\$ 67,434	\$ 259,858
Total net assets - beginning	2,912,520	1,153,489	4,066,009
Total net assets - ending	\$ 3,104,944	\$ 1,220,923	\$ 4,325,867

"The notes to the financial statements are an integral part of this statement."

**CARBON COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	MUNICIPAL BUILDING AUTHORITY	COUNTY COURT COMPLEX	TOTAL BTA's
Cash Flows From Operating Activities:			
Receipts from customers	\$ 349,038	\$ 173,650	\$ 522,688
Payments to suppliers	(9,855)	(71,196)	(81,051)
Net cash provided (used) by operating activities	\$ 339,183	\$ 102,454	\$ 441,637
Cash Flows From Noncapital Financing Activities:			
Grant revenue	\$ 188,555		\$ 188,555
Net cash provided (used) by noncapital financing activities	\$ 188,555	\$...	\$ 188,555
Cash Flows From Capital and Related Financing Activities:			
Purchase of capital assets	\$ (563,485)		\$ (563,485)
Principal paid on capital debt	(216,547)	\$ (91,300)	(307,847)
Interest paid on capital debt	(111,649)		(111,649)
Advances from (to) other funds	356,300	24,907	381,207
Net cash provided (used) by capital and related financing activities	\$ (535,381)	\$ (66,393)	\$ (601,774)
Cash Flows From Investing Activities:			
Interest and dividends received	\$ 7,643		\$ 7,643
Net cash provided (used) by investing activities	\$ 7,643	\$...	\$ 7,643
Net increase (decrease) in cash and cash equivalents	\$...	\$ 36,061	\$ 36,061
Cash and cash equivalents, January 1		380,946	380,946
Cash and cash equivalents, December 31	\$...	\$ 417,007	\$ 417,007

"The notes to the financial statements are an integral part of this statement."

**CARBON COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	MUNICIPAL BUILDING AUTHORITY	COUNTY COURT COMPLEX	TOTAL BTA's
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 104,635	\$ 67,434	\$ 172,069
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	\$ 223,827	\$ 44,213	\$ 268,040
(Increase) Decrease in accounts receivable	20,376		20,376
Increase (Decrease) in accounts payable	(9,655)	(9,193)	(18,848)
Total adjustments	\$ 234,548	\$ 35,020	\$ 269,568
Net cash provided (used) by operating activities	\$ 339,183	\$ 102,454	\$ 441,637

"The notes to the financial statements are an integral part of this statement."

CARBON COUNTY
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2004

	<u>AGENCY FUNDS</u>
 <u>ASSETS</u>	
Cash	\$ 1,617,279
Receivables (net):	
Taxes	58,109
Investments	<u>2,897,846</u>
Total assets	<u><u>\$ 4,573,234</u></u>
 <u>LIABILITIES</u>	
Precinct fees, bail and bonds payable	\$ 37,183
Accounts payable	185,428
Due to other governments	846,629
Due taxing units	3,501,833
Alimony support and miscellaneous	<u>2,161</u>
Total liabilities	<u><u>\$ 4,573,234</u></u>

"The notes to the financial statements are an integral part of this statement."

**CARBON COUNTY
STATEMENT OF NET ASSETS
COMPONENT UNITS
DECEMBER 31, 2004**

	SCOFIELD RESERVIOR SPECIAL SERVICE DISTRICT	CARBON COUNTY RECREATION & TRANSPORTATION SPECIAL SERVICE DISTRICT	TOTAL
<u>ASSETS</u>			
Cash and cash equivalents	\$ 27,454	\$ 905,901	\$ 933,355
Investments	230,488	2,075,399	2,305,887
Restricted Investments		6,155,776	6,155,776
Due from other governments		1,684,931	1,684,931
Capital assets (net of accumulated depreciation):			
Land	16,128	1,405,487	1,421,615
Buildings		109,875	109,875
Equipment		199,917	199,917
Sewer systems and improvements	762,686	844,110	1,606,796
Water stock		110,000	110,000
Total assets	<u>\$ 1,036,756</u>	<u>\$ 13,491,396</u>	<u>\$ 14,528,152</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 1,167	\$ 17,986	\$ 19,153
Accrued liabilities		476	476
Bond interest payable	527	101,425	101,952
Revenue bonds payable - Due within one year	8,763	1,019,000	1,027,763
Revenue bonds payable - Due in more than one year	74,923	6,643,559	6,718,482
Total liabilities	<u>\$ 85,380</u>	<u>\$ 7,782,446</u>	<u>\$ 7,867,826</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	\$ 695,128	\$ 2,069,389	\$ 2,764,517
Restricted for:			
Capital projects		2,564,439	2,564,439
Debt Service		4,186,852	4,186,852
Unrestricted	256,248	(3,111,730)	(2,855,482)
Total net assets	<u>\$ 951,376</u>	<u>\$ 5,708,950</u>	<u>\$ 6,660,326</u>

"The notes to the financial statements are an integral part of this statement."

**CARBON COUNTY
STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2004**

Function/Programs	EXPENSES	PROGRAM REVENUES CHARGES FOR SERVICES	NET (EXPENSE) REVENUE & CHANGES IN NET ASSETS		TOTAL
			SCOFIELD RESERVOIR SPECIAL SERVICE DISTRICT	CARBON COUNTY RECREATION & TRANSPORTATION SPECIAL SERVICE DISTRICT	
Governmental activities:					
Carbon County Recreation & Transportation Special Service District					
Highways and public improvements	\$ 2,950,972	\$ 941,522		\$ (2,009,450)	\$ (2,009,450)
Parks, recreation and public improvements	328,830			(328,830)	(328,830)
Intergovernmental	329,402			(329,402)	(329,402)
Interest on long term liabilities	233,279			(233,279)	(233,279)
Total governmental activities	\$ 3,842,483	\$ 941,522	\$...	\$ (2,900,961)	\$ (2,900,961)
Business-type activities:					
Scofield Reservoir Special Service District			\$ (25,681)		\$ (25,681)
Total business-type activities	\$...	\$...	\$ (25,681)	\$...	\$ (25,681)
Total component units	\$ 3,842,483	\$ 941,522	\$ (25,681)	\$ (2,900,961)	\$ (2,926,642)
General revenues:					
Mineral lease revenue				\$ 6,307,318	\$ 6,307,318
Investment earnings			\$ 2,096	146,145	148,241
Total general revenues and transfers			\$ 2,096	\$ 6,453,463	\$ 6,455,559
			\$ (23,585)	\$ 3,552,502	\$ 3,528,917
			974,961	256,888	1,231,849
				1,899,560	1,899,560
			\$ 951,376	\$ 5,708,950	\$ 6,660,326

"The notes to the financial statements are an integral part of this statement."

**CARBON COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of Carbon County have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments. Certain significant changes in the Statement include the following:

- The financial statements include:

A Management's Discussion and Analysis (MD&A) providing an analysis of the County's overall financial position and results of operations.

Financial statements prepared using full-accrual accounting for all the County's activities.

- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including the notes to financial statements).

A. Reporting Entity

For financial reporting purposes, Carbon County has included all funds, organizations, account groups, agencies, boards and commissions. The County has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific burdens on the County.

As required by generally accepted accounting principles, these financial statements present the County (the primary government) and its component units. The component units are included in the County's reporting entity because of the significance of their operational or financial relationships with the County. Complete financial statements of the individual component units, which issued separate financial statements, as noted below, can be obtained from their respective administrative offices.

The following County districts had separately issued financial statements and were audited or had financial statements compiled or reviewed by other independent auditors:

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

A. **Reporting Entity (Continued)**

Price River Water Improvement District and Carbon Water Conservancy District - The water conservancy districts were created for the conservation and development of the water and land resources of Utah and for the greatest beneficial use of water within the state. Water conservancy districts are created under the "Water Conservancy Act". The Districts' were audited or had financial statements compiled or reviewed by other independent auditors and issued under separate cover.

Blended Component Units

These component units are entities, which are legally separate from the County, but are so intertwined with the County that they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Municipal Building Authority of Carbon County - The Municipal Building Authority of Carbon County was created by the County Commission as a body politic and corporate for the purpose of financing, owning, leasing, or operating facilities to meet the needs of the County government. It is comprised of a governing body that has been appointed by the County Commission and may be removed and replaced at any time by its discretion.

Southeastern Utah District Health - State law allows the creation of multi-county health departments. Local health departments are responsible within their boundaries for providing, directly or indirectly, basic public health services. The County Commissioner within the boundaries of the health district appoints the health district board.

Discrete Component Units

These component units are entities which are legally separate from the County, but are financially accountable to the County, or whose relationships with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Component Units columns of the combined financial statements include the financial data of these entities.

Scofield Reservoir Special Service District

The District was created by the Carbon County Commission under state statute. It has a seven-member board. Its primary purpose and function is to provide a waste disposal system for the residence in and around Scofield Reservoir.

Carbon County Recreation & Transportation Special Service District

The District was created by the adoption of a resolution establishing a service district. The District has been established as a separate body politic and corporate. The County appointed the District's governing board. The District was created for the purpose of building, maintaining or improving roads within the District's boundaries. The District was audited and their report has been issued under separate cover.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

B. Government-Wide and Fund Financial Accounting

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties for goods and services.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Direct expenses can include certain indirect costs (administrative overhead charges) that are automatically allocated to the various functions. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, component funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The remaining governmental and enterprise funds are combined into a single column and reported as other (non-major) funds.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Governmental-wide Financial Statements -The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider has been met. The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statement, rather than as another financing source. Amounts paid to reduce long-term debt of the County are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

C. **Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

Governmental Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means that amounts can be reasonably determined within the current period. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Exceptions to this general rule include accumulated unpaid compensated absences and principal and interest on general long-term debt which are recognized when due.

The County reports the following major governmental funds:

- **General Fund** – The General Fund accounts for all activities not accounted for by other funds of the County. The principal source of revenue for this fund is property taxes.
- **Southeastern Utah District Health Fund** – The Southeastern Utah District Health Fund is used to account for revenues and expenditures used to provide basic public health services.
- **Municipal Services Fund** – The Municipal Services Fund accounts for monies received by the County for the purpose of providing municipal type services for the unincorporated areas of the County.
- **Capital Project Fund** – The Capital Project Fund is used to account for financial resources to be used for the acquisition or construction of capital assets other than those financed by proprietary funds.
- **Tax Stability Fund** – This fund accounts for the monies, which are transferred from other funds to be used for emergency situations.

The County's non-major governmental funds include other special revenue funds, debt service fund, and capital projects fund. The non-major special revenue funds account for specific revenue sources that are legally restricted to expenditures, for specified purposes. The Debt Service Fund accounts for the activity of retiring long-term debt. The Capital Projects fund is used to record activity of a small capital project.

Proprietary Fund Financial Statements – The financial statements of the proprietary funds are reported similar to the government-wide financial statements in that they both use the economic resources measurement focus and the accrual basis of accounting.

Proprietary funds distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses result from providing goods and services relating to the primary operations of the proprietary fund. Other revenues and expenses are reported as nonoperating.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

C. **Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

The county reports the following major proprietary funds:

- **Municipal Building Authority** – The Municipal Building Authority Fund accounts for the resource for the financing, owning, leasing and operating of facilities to meet the needs of the County government.
- **County Court Complex** – This fund accounts for the activity of owning and renting the court building to the State of Utah.

Fiduciary Fund Financial Statements – Fiduciary funds are used to account for assets held by the County in a trustee capacity or as an agent for other organizations or individuals. These statements are reported using the economic resources measurement focus and the accrual basis of accounting.

- **Agency Funds** – Agency Funds are used to account for assets held by the County as an agent for other governments, private organizations, or individuals. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Private-Sector Standards of Accounting and Financial Reporting – Relative to both the government-wide and proprietary fund statements, the County applies all Financial Accounting Standards Board (FASB) Statements and Interpretations, APB Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). The County has elected not to follow private-sector guidance subsequent to that date.

Interfund Transactions – Interfund transactions represent transactions between different funds within the County. In general, interfund activity has been eliminated from the government-wide financial statements in an effort to minimize the doubling-up of revenues and expenditures resulting from such transactions. Interfund services provided and used between different functional categories, however, have not been eliminated from the government-wide financial statement so as not to distort the direct costs and program revenues reported in the various functions concerned.

Transfers between governmental and business-type activities are reported at the net amount in the government-wide statement of activities. Interfund receivables and payables have been eliminated from the government-wide statement of net assets.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

C. **Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

Program Revenues/Operating Revenues and Expenses From Non-Operating Items – Amounts reported as program revenues include 1) charges for fees, rental, material, supplies, or services provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

D. **Budgetary Data**

Budgets are presented on the modified accrual basis of accounting for all governmental funds and on the accrual basis for proprietary funds. Budgets are not adopted for the agency fund. All annual appropriations lapse at fiscal year end. The following procedures are used in establishing the budgetary data reflected in the financial statements.

1. A formal budget is adopted for all funds, which require a budget: all general, special revenue, debt service, capital projects, permanent funds and enterprise funds. The budget is a complete financial plan, which identifies all estimated revenues and all appropriations for expenditure for the year. The budget must balance, that is estimated revenues and other financing sources must equal appropriated expenditures.
2. By November 1, the County Auditor submits to the Board of County Commissioners a proposed operating budget for the fiscal year for all funds beginning January 1.
3. The Board of County Commissioners discusses and approves the budget and sets a date for a public hearing on the proposed budget.
4. A public hearing is held to obtain taxpayer comments and the budget is adopted.
5. The Commission can transfer budgeted amounts between line items or departments by resolution, but any action that increases the total general fund budget must be approved by resolution only after a public hearing. (The budgets of other funds may be increased after giving public notice.)

E. **Cash and Cash Equivalents and Investments**

Cash and investment management in the County is administered by the County Treasurer in accordance with the Utah Money Management Act, Section 51-7 of the Utah code. The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, including investments in the Public Treasurers' Investment Fund (PTIF).

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, and then unrestricted resources as they are needed.

Statements of cash flow are presented for proprietary funds under the direct method.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Inventories

Inventories are stated at the lower of cost or market, determined on a first-in, first-out basis. Inventories are accounted for under the consumption method where inventories are recorded as expenditures when consumed rather than when purchased.

G. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. An estimate of sick leave liability and vacation pay is accrued when incurred in government-wide financial statements and proprietary funds and reported as a liability.

Employees can carry over up to 192 hours of unused vacation from one year to the next. Hours that exceed the 192 hours are lost if unused. Employees can carry over unlimited hours of unused sick leave from one year to the next. Employees will only be paid for unused sick leave upon termination or retirement, at a rate of 4 to 1.

Accrued unpaid vacation pay and other employee benefit amounts, which vest to the employee in the government-wide financial statements for governmental activities total \$509,315.

H. Long-Term Obligations

In the government-wide financial statements, and proprietary fund type financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

I. Capital Assets

Capital assets include land, rights of ways, buildings, improvements other than buildings, machinery and equipment, and infrastructure (roads and bridges). These assets are reported in the government-wide financial statements in the relevant column on the Statement of Net Assets under governmental or business activities. Proprietary fund capital assets are also reported in the appropriate fund statements. Capital assets acquired by governmental funds are recorded as expenditures in the governmental fund financial statements. The capitalization threshold for personal property is defined to be assets with a useful life of at least one year and costing at least \$5,000. Assets purchased or constructed are generally recorded at cost. If precise cost is not available (as was the case with certain infrastructure), the asset is recorded at estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation.

When constructing capital assets, interest expense incurred relating to governmental or proprietary activities is not capitalized.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

I. **Capital Assets (Continued)**

Depreciation of all exhaustible capital assets is charged as an expense against operations for proprietary funds and is charged to the various functional expenses or business-type activities in the government-wide Statement of Activities. Accumulated depreciation is reported on proprietary fund and government-wide Statement of Net Assets. Depreciation is provided over the estimated useful lives using the straight-line method. Estimated useful lives are as follows:

Buildings	20-50 years
Improvements	15-40 years
Equipment	5-10 years
Infrastructure, (bridges)	20-50 years

J. **Net Assets/Fund Balances**

The difference between assets and liabilities is "Net Assets" on the government-wide and proprietary fund financial statements and "Fund Balance" on the governmental fund financial statements. Net assets are divided into invested in capital assets (net of related debt), restricted, and unrestricted. Net assets are reported as restricted when constraints are placed upon them by external parties or are imposed by constitutional provisions or enabling legislation.

In the governmental fund financial statements, fund balances are classified as reserved, unreserved designated, or unreserved undesignated. Reserves represent those portions of fund balance not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

2. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2004 was as follows:

Primary Government Governmental activities:	BEGINNING BALANCE	PRIOR PERIOD ADJUST- MENT	INCREASES	DECREASES	ENDING BALANCE
Capital assets not being depreciated:					
Land	\$ 1,200,817	\$ 114,500			\$ 1,315,317
Rights of Way	1,319,266				1,319,266
Water stock	146,000				146,000
Total capital assets not not being depreciated	<u>\$ 2,666,083</u>	<u>\$ 114,500</u>	<u>\$...</u>	<u>\$...</u>	<u>\$ 2,780,583</u>
Capital assets being depreciated:					
Buildings	\$ 3,729,042	\$ 459,849	\$ 43,000		\$ 4,231,891
Improvements other than buildings	7,208,794	196,059	1,616,213		9,021,066
Machinery and equipment	8,678,807	147,034	835,237	\$ (292,705)	9,368,373
Infrastructure (Roads & Bridges)	121,523,719				121,523,719
Total capital assets being depreciated	<u>\$ 141,140,362</u>	<u>\$ 802,942</u>	<u>\$ 2,494,450</u>	<u>\$ (292,705)</u>	<u>\$ 144,145,049</u>
Less accumulated depreciation for:					
Buildings	\$ 2,014,147	\$ 151,712	\$ 93,351		\$ 2,259,210
Improvements other than buildings	4,014,669	87,292	211,399		4,313,360
Machinery and equipment	5,818,376	98,955	690,707	\$ (290,279)	6,317,759
Infrastructure (Roads & Bridges)	62,792,349		2,177,885		64,970,234
Total accumulated depreciation	<u>\$ 74,639,541</u>	<u>\$ 337,959</u>	<u>\$ 3,173,342</u>	<u>\$ (290,279)</u>	<u>\$ 77,860,563</u>
Total capital assets, being depreciated, net	<u>\$ 66,500,821</u>	<u>\$ 464,983</u>	<u>\$ (678,892)</u>	<u>\$ (2,426)</u>	<u>\$ 66,284,486</u>
Governmental activities capital assets, net	<u>\$ 69,166,904</u>	<u>\$ 579,483</u>	<u>\$ (678,892)</u>	<u>\$ (2,426)</u>	<u>\$ 69,065,069</u>

2. CAPITAL ASSETS (Continued)

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 367,492			\$ 367,492
Total capital assets not being depreciated	\$ 367,492	\$...	\$...	\$ 367,492
Capital assets being depreciated:				
Buildings	\$ 8,539,248	\$ 563,485		\$ 9,102,733
Machinery and equipment	729,525			729,525
Total capital assets being depreciated	\$ 9,268,773	\$ 563,485	\$...	\$ 9,832,258
Less accumulated depreciation for:				
Buildings	\$ 1,797,851	\$ 215,836		\$ 2,013,687
Machinery and equipment	190,306	52,204		242,510
Total accumulated depreciation	\$ 1,988,157	\$ 268,040	\$...	\$ 2,256,197
Total capital assets, being depreciated, net	\$ 7,280,616	\$ 295,445	\$...	\$ 7,576,061
Business-type activities capital assets, net	\$ 7,648,108	\$ 295,445	\$...	\$ 7,943,553

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 120,346
Public safety	199,412
Public Health	56,521
Highways and public improvements	2,684,707
Parks and recreation	111,830
Conservation and economic development	526

Total depreciation expense - governmental activities \$ 3,173,342

Business-type activities:

County Court Complex	\$ 44,213
Municipal building authority	223,827

Total depreciation expense - Business-Type Activities \$ 268,040

Total depreciation expense \$ 3,441,382

2. **CAPITAL ASSETS (Continued)**

Component units:	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Capital assets not being depreciated:				
Land	\$ 1,421,615			\$ 1,421,615
Water stock	110,000			110,000
Total capital assets not being depreciated	\$ 1,531,615	\$...	\$...	\$ 1,531,615
Capital assets being depreciated:				
Buildings	\$ 141,618			\$ 141,618
Improvements other than buildings	2,577,622			2,577,622
Machinery and equipment	333,920			333,920
Total capital assets being depreciated	\$ 3,053,160	\$...	\$...	\$ 3,053,160
Less accumulated depreciation for:				
Buildings	\$ 28,203	\$ 3,540		\$ 31,743
Improvements other than buildings	894,289	76,537		970,826
Machinery and equipment	110,317	23,686		134,003
Total accumulated depreciation	\$ 1,032,809	\$ 103,763	\$...	\$ 1,136,572
Total capital assets, being depreciated, net	\$ 2,020,351	\$ (103,763)	\$...	\$ 1,916,588
Component units capital assets, net	\$ 3,551,966	\$ (103,763)	\$...	\$ 3,448,203

Depreciation expense was recorded as an expense for the following component units:

Carbon County Recreation & Transportation Special Service District	\$ 72,668
Scofield Reservoir Special Service District	31,095
Total depreciation expense	\$ 103,763

3. LONG-TERM DEBT

Primary Government

Annual debt service requirements to maturity for bonds are as follows:

Year Ending December 31,	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 21,947	\$ 7,657	\$ 29,604	\$ 314,998	\$ 105,854	\$ 420,852
2006	21,320	6,930	28,250	321,190	99,006	420,196
2007	22,261	6,184	28,445	237,087	91,950	329,037
2008	23,201	5,404	28,605	245,289	84,647	329,936
2009	23,137	4,593	27,730	252,497	76,917	329,414
2010-2013	87,699	2,189	89,888	1,012,127	221,798	1,233,925
2014-2018				1,173,249	113,344	1,286,593
2019-2023				104,000		104,000
2024-2025				47,190		47,190
	<u>\$ 199,565</u>	<u>\$ 32,957</u>	<u>\$ 232,522</u>	<u>\$ 3,707,627</u>	<u>\$ 793,516</u>	<u>\$ 4,501,143</u>

Revenue Bonds – Revenue Bonds payable at December 31, 2004, with their outstanding balances are comprised of the following individual issues:

Business-type Activities:

LEASE REVENUE BOND – SERIES 1985

The County sold \$1,826,000 in lease revenue bonds. The proceeds are being used to construct a commercial building. The building is being leased to the State of Utah, and the rental income will be used to retire the bonds. The financial activity and transactions are being reported in an enterprise fund.

LEASE REVENUE BOND - SERIES 1985 NON-INTEREST BEARING

<u>DATE</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
07-01-05	\$ 91,300	\$ 91,300
07-01-06	<u>91,300</u>	<u>91,300</u>
	<u>\$ 182,600</u>	<u>\$ 182,600</u>

3. **LONG-TERM DEBT (Continued)**

LEASE REVENUE BOND - SERIES 1990

The Municipal Building Authority of Carbon County, Utah sold \$400,000 in revenue bonds. The proceeds from the sale were used to purchase and renovate a commercial building in Price. Southeastern Utah District Health Department has entered into a capital lease on the building. The payments will be used to retire the revenue bond.

MUNICIPAL BUILDING AUTHORITY OF CARBON COUNTY, UTAH LEASE REVENUE BOND - SERIES 1990 INTEREST RATE 3.5% PER ANNUM

<u>DATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
01-01-06	\$ 5,250	\$ 23,000	\$ 28,250
01-01-07	4,445	24,000	28,445
01-01-08	3,605	25,000	28,605
01-01-09	2,730	25,000	27,730
01-01-10	1,855	26,000	27,855
01-01-11	945	27,000	27,945
	<u>\$ 18,830</u>	<u>\$ 150,000</u>	<u>\$ 168,830</u>

LEASE REVENUE BONDS - SERIES 1992A AND 1992B

The Municipal Building Authority of Carbon County, Utah sold \$2,600,000 and \$1,250,000 in revenue bonds during 1992. The bond proceeds will be used to purchase land and build a new public safety building and related facility. Upon completion, the entire project will be leased to Carbon County. The rental income will be used to retire the bonds.

MUNICIPAL BUILDING AUTHORITY OF CARBON COUNTY UTAH LEASE REVENUE BOND - SERIES 1992A INTEREST RATE 3.5% PER ANNUM

<u>DATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
07-01-05	\$ 59,737	\$ 98,000	\$ 157,737
07-01-06	56,737	101,000	157,737
07-01-07	53,737	104,000	157,737
07-01-08	49,737	108,000	157,737
07-01-09	45,737	112,000	157,737
OTHER YEARS	<u>220,633</u>	<u>1,199,000</u>	<u>1,419,633</u>
	<u>\$ 486,318</u>	<u>\$ 1,722,000</u>	<u>\$ 2,208,318</u>

3. LONG-TERM DEBT (Continued)

**MUNICIPAL BUILDING AUTHORITY OF CARBON COUNTY UTAH LEASE REVENUE
BOND - SERIES 1992B INTEREST RATE 3.5% PER ANNUM**

<u>DATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
07-01-05	\$ 28,848	\$ 47,000	\$ 75,848
07-01-06	27,848	48,000	75,848
07-01-07	25,848	50,000	75,848
07-01-08	23,848	52,000	75,848
07-01-09	22,120	54,000	76,120
OTHER YEARS	104,360	578,000	682,360
	<u>\$ 232,872</u>	<u>\$ 829,000</u>	<u>\$ 1,061,872</u>

**MUNICIPAL BUILDING AUTHORITY OF CARBON COUNTY, UTAH, - LEASE REVENUE
BOND SERIES 1997**

In July 1997 the Municipal Building Authority issued Series 1997 Lease Revenue Bonds in the amount of \$425,000.00. The proceeds to be used for the restoration and renovation of the County's Senior Citizen Center referred to as the Project. The Project will be leased back to Carbon County, and the lease revenue will be used to retire the debt.

**MUNICIPAL BUILDING AUTHORITY OF CARBON COUNTY UTAH LEASE REVENUE
BOND - SERIES 1997 INTEREST RATE 3.0% PER ANNUM**

<u>DATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
02-01-05	\$ 8,340	\$ 27,000	\$ 35,340
02-01-06	7,530	28,000	35,530
02-01-07	6,690	29,000	35,690
02-01-08	5,820	30,000	35,820
02-01-09	4,920	31,000	35,920
OTHER YEARS	10,080	133,000	143,080
	<u>\$ 43,380</u>	<u>\$ 278,000</u>	<u>\$ 321,380</u>

3. **LONG-TERM DEBT (Continued)**

MUNICIPAL BUILDING AUTHORITY OF CARBON COUNTY UTAH LEASE REVENUE BOND SERIES 1998

The Municipal Building Authority of Carbon County Utah sold \$122,750.00 in revenue bonds in 1999. The proceeds will be used to make airport improvements. The improvements will be leased to Carbon County and the rental income will be used to retire the debt.

MUNICIPAL BUILDING AUTHORITY OF CARBON COUNTY UTAH LEASE REVENUE BOND SERIES 1998 – INTEREST RATE 2.5% PER ANNUM

<u>DATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
07-01-05	\$ 2,209	\$ 7,698	\$ 9,907
07-01-06	2,017	7,890	9,907
07-01-07	1,820	8,087	9,907
07-01-08	1,617	8,289	9,906
07-01-09	1,410	8,497	9,907
OTHER YEARS	3,043	46,376	49,419
	<u>\$ 12,116</u>	<u>\$ 86,837</u>	<u>\$ 98,953</u>

CARBON COUNTY BUILDING AUTHORITY – LEASE REVENUE BOND SERIES 2001A (ACTIVE RE-ENTRY BUILDING)

The Municipal Building Authority of Carbon County Utah sold \$400,000 in revenue bonds. The bonds are non-interest bearing and the proceeds along with other funds will be used to construct an office building. The building will be leased to Active Re-Entry, a non-profit corporation.

CARBON COUNTY BUILDING AUTHORITY – LEASE REVENUE BOND – SERIES 2001A (ACTIVE RE-ENTRY BUILDING)

<u>DATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
09-01-05		\$ 16,000	\$ 16,000
09-01-06		16,000	16,000
09-01-07		16,000	16,000
09-01-08		16,000	16,000
09-01-09		16,000	16,000
OTHER YEARS		271,190	271,190
	<u>\$...</u>	<u>\$ 351,190</u>	<u>\$ 351,190</u>

3. **LONG-TERM DEBT (Continued)**

**CARBON COUNTY BUILDING AUTHORITY – LEASE REVENUE BOND SERIES 2001B
(FAIRGROUNDS BUILDING)**

The Municipal Building Authority of Carbon County Utah sold \$120,000 in revenue bonds. The bonds are non-interest bearing. The proceeds will be used to construct buildings at the Carbon County Fairgrounds. The buildings will be leased to Carbon County.

**CARBON COUNTY BUILDING AUTHORITY – LEASE REVENUE BOND – SERIES 2001B
(FAIRGROUNDS BUILDING)**

<u>DATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
09-01-05		\$ 6,000	\$ 6,000
09-01-06		6,000	6,000
09-01-07		6,000	6,000
09-01-08		6,000	6,000
09-01-09		6,000	6,000
OTHER YEARS		78,000	78,000
	<u>\$...</u>	<u>\$ 108,000</u>	<u>\$ 108,000</u>

Governmental Activities:

SOUTHEASTERN UTAH DISTRICT HEALTH - BUILDING CAPITAL LEASE

Southeastern Utah District Health entered into a capital lease with Carbon County Building Authority for the purchase of land, building and improvements.

**SOUTHEASTERN UTAH DISTRICT HEALTH - BUILDING CAPITAL LEASE
INTEREST RATE 7.0% PER ANNUM**

<u>DATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
01-01-06	\$ 6,930	\$ 21,320	\$ 28,250
01-01-07	6,184	22,261	28,445
01-01-08	5,405	23,200	28,605
01-01-09	4,593	23,137	27,730
01-01-10	3,783	24,072	27,855
01-01-11	2,941	25,004	27,945
12-15-11	2,066	28,991	31,057
12-15-12	1,041	30,011	31,052
	<u>\$ 32,943</u>	<u>\$ 197,996</u>	<u>\$ 230,939</u>

3. LONG-TERM DEBT (Continued)

SOUTHEASTERN UTAH DISTRICT HEALTH – BUILDING, BLANDING UTAH

The Health District purchased a building located in Blanding Utah. Note payable \$40,000, interest 7% per annum monthly payment of \$792.05. Note is secured by a trust deed.

SOUTHEASTERN UTAH DISTRICT HEALTH – BUILDING, BLANDING UTAH INTEREST RATE 7.0% PER ANNUM

<u>DATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
2005	\$ 14	\$ 1,569	\$ 1,583
	<u>\$ 14</u>	<u>\$ 1,569</u>	<u>\$ 1,583</u>

SUMMARY OF NET CHANGES - PRIMARY GOVERNMENT

<u>Description</u>	<u>Balance 01-01-04</u>	<u>Retired</u>	<u>Issued</u>	<u>Balance 12-31-04</u>	<u>Due Within One Year</u>
<u>Business-type Activities</u>					
Lease Series 1985	\$ 273,900	\$ (91,300)		\$ 182,600	\$ 91,300
MBA Lease Revenue 1997	304,000	(26,000)		278,000	27,000
Lease Series 1990	172,000	(22,000)		150,000	23,000
Lease Revenue 1992A	1,816,000	(94,000)		1,722,000	98,000
Lease Revenue 1992B	874,000	(45,000)		829,000	47,000
MBA Lease Revenue 1998	94,384	(7,547)		86,837	7,698
Lease Revenue 2001A	367,190	(16,000)		351,190	16,000
Lease Revenue 2001B	114,000	(6,000)		108,000	6,000
	<u>\$ 4,015,474</u>	<u>\$ (307,847)</u>	<u>\$...</u>	<u>\$ 3,707,627</u>	<u>\$ 315,998</u>
<u>Governmental Activities</u>					
Lease Series 1988					
SEUDH Capital Lease	\$ 218,372	\$ (20,376)		\$ 197,996	\$ 21,320
SEUDH Blanding Building	10,618	(9,049)		1,569	1,569
	<u>\$ 228,990</u>	<u>\$ (29,425)</u>	<u>\$...</u>	<u>\$ 199,565</u>	<u>\$ 22,889</u>

3. **LONG-TERM DEBT (Continued)**

COMPONENT UNITS

Annual debt service requirements to maturity for bonds are as follows:

<u>YEAR ENDING DECEMBER 31,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2005	\$ 1,027,763	\$ 282,093	\$ 1,309,856
2006	1,058,982	251,116	1,310,098
2007	1,091,206	218,796	1,310,002
2008	925,437	185,101	1,110,538
2009	1,060,232	149,939	1,210,171
2010-2013	2,582,625	283,775	2,866,400
	<u>\$ 7,746,245</u>	<u>\$ 1,370,820</u>	<u>\$ 9,117,065</u>

Community Impact Bonus Loan Payable – Scofield Reservoir Special Service District secured a Community Impact Board Bonus Loan dated May 16, 1989, in the District's name for \$200,000. It bears an interest rate of 2.5% per annum, with final payment due September 30, 2013. Annual payments of \$10,855 including interest are required to be paid until the debt is paid in full.

<u>DATE</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2005	\$ 8,763	\$ 2,092	\$ 10,855
2006	8,982	1,873	10,855
2007	9,206	1,649	10,855
2008	9,437	1,418	10,855
2009	9,673	1,182	10,855
2010-2013	37,625	2,251	39,876
	<u>\$ 83,686</u>	<u>\$ 10,465</u>	<u>\$ 94,151</u>

3. LONG-TERM DEBT (Continued)

Carbon County Recreation & Transportation Special Service District issued \$2,500,000 in Road Improvement Revenue Refunding Bonds - Series 1994. The bonds carry an interest rate of 3.0% per annum with interest and principal payments commencing August 1, 2005 and on each August 1st thereafter until maturity. The bonds mature on August 1, 2009. The repayment schedule is as follows:

<u>DATE PAYMENT DUE</u>	<u>PRINCIPAL DUE</u>	<u>INTEREST CHARGES</u>	<u>TOTAL</u>
2005	\$ 425,000	\$ 67,727	\$ 492,727
2006	438,000	54,977	492,977
2007	451,000	41,837	492,837
2008	465,000	28,307	493,307
2009	478,559	14,357	492,916
Total	<u>\$ 2,257,559</u>	<u>\$ 207,205</u>	<u>\$ 2,464,764</u>

During 1998, Carbon County Recreation & Transportation Special Service District issued \$3,005,000 of Highway Revenue Bonds for the "C" Canyon Toll Road Project. The bonds carry an interest rate ranging from 6.1% to 6.4% per annum and are payable semi-annually each April 1st and October 1st commencing April 1, 1999. Principal payments on this bond issue began on October 1, 1999 and continue through October 1, 2013. The repayment schedule is as follows:

<u>DATE PAYMENT DUE</u>	<u>PRINCIPAL DUE</u>	<u>INTEREST CHARGES</u>	<u>TOTAL</u>
April 1, 2005		\$ 65,862	\$ 65,862
October 1, 2005	\$ 182,000	65,862	247,862
April 1, 2006		60,038	60,038
October 1, 2006	194,000	60,038	254,038
April 1, 2007		53,830	53,830
October 1, 2007	206,000	53,830	259,830
April 1, 2008		47,238	47,238
October 1, 2008	219,000	47,238	266,238
April 1, 2009		40,230	40,230
October 1, 2009	233,000	40,230	273,230
2010 - 2013	1,086,000	170,494	1,256,494
	<u>\$ 2,120,000</u>	<u>\$ 704,890</u>	<u>\$ 2,824,890</u>

3. **LONG-TERM DEBT (Continued)**

During 1998, Carbon County Recreation & Transportation Special Service District issued \$3,300,000 of Highway Revenue Bonds for the Dugout Canyon Toll Road Project. The bonds carry an annual interest rate of 3.0%. The District is required to make principal and interest payments each July 1st until the bonds mature on July 1, 2013. The repayment schedule is as follows:

<u>DATE PAYMENT DUE</u>	<u>PRINCIPAL DUE</u>	<u>INTEREST CHARGES</u>	<u>TOTAL</u>
2005	\$ 212,000	\$ 80,550	\$ 292,550
2006	218,000	74,190	292,190
2007	225,000	67,650	292,650
2008	232,000	60,900	292,900
2009	339,000	53,940	392,940
2010-2013	<u>1,459,000</u>	<u>111,030</u>	<u>1,570,030</u>
	<u>\$ 2,685,000</u>	<u>\$ 448,260</u>	<u>\$ 3,133,260</u>

During 2003, the District entered into a promissory note to purchase real property and certain mineral and water rights located in Scofield, Utah. The terms of the agreement are as follows: Consideration for an option for fifty thousand dollars (\$50,000) allowed the District ninety days to exercise an option to purchase the aforementioned property for \$1,000,000. The District later exercised their option by paying \$150,000 down and signing an \$800,000 promissory note secured by a deed of trust. The note of \$800,000 carries an interest rate of zero percent per annum. Principal payments on this note begin on December 31, 2004 and continue each December 31st thereafter until maturity. The repayment schedule is as follows:

<u>DATE PAYMENT DUE</u>	<u>PRINCIPAL DUE</u>	<u>TOTAL PRINCIPAL AND INTEREST</u>
2005	\$ 200,000	\$ 200,000
2006	200,000	200,000
2007	<u>200,000</u>	<u>200,000</u>
	<u>\$ 600,000</u>	<u>\$ 600,000</u>

3. LONG-TERM DEBT (Continued)

SUMMARY OF NET CHANGES - COMPONENT UNITS

<u>Description</u>	<u>Balance 01-01-04</u>	<u>Retired</u>	<u>Issued</u>	<u>Balance 12-31-04</u>	<u>Due Within One Year</u>
Scofield Reservoir SSD					
Impact Bonus Loan	\$ 92,236	\$ (8,550)		\$ 83,686	\$ 8,763
C.C. Roads SSD Revenue Refunding Series 1994	2,257,559			2,257,559	425,000
C.C. Roads SSD Road Improvement Bond Series 1997	204,000	(204,000)			
C.C. Recreation & Transportation SSD Highway Revenue Bond Series 1998	2,291,000	(171,000)		2,120,000	182,000
C.C. Recreation & Transportation SSD Toll Road Revenue Bond Series 1998	2,891,000	(206,000)		2,685,000	212,000
C.C. Recreation & Transportation SSD Promissoty Note	800,000	(200,000)		600,000	200,000
	<u>\$ 8,535,795</u>	<u>\$ (789,550)</u>	<u>\$...</u>	<u>\$ 7,746,245</u>	<u>\$ 1,027,763</u>

4. CASH AND INVESTMENTS

The County maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as cash. Income from the investment of the pooled cash is allocated based on each fund's portion of the pool. In addition, cash is separately held by several funds.

The County follows the requirements of the Utah Money Management Act (the Act) in handling its depository and temporary investment transactions. This law requires the depositing of County funds in a "qualified depository". The Act defines a "qualified depository" as any financial institution whose deposits are insured by an agency of the Federal government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Investments are categorized into the following three categories of credit risk:

- (1) Insured or registered, or securities held by the County or its agent in the County's name.
- (2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the County's name.
- (3) Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the County's name.

4. **CASH AND INVESTMENTS (Continued)**

PRIMARY GOVERNMENT

At December 31, 2004, the book balance of cash on deposit was \$3,241,785 and the bank balance was \$3,769,460. Of these deposits, \$403,762 was covered by Federal depository insurance and is classified as Category 1 under GASB Statement 3. The remaining bank balance of \$3,365,698 is classified as Category 3. Deposits are not collateralized nor are they required to be by State statute.

Investments are carried at amortized cost and consist of the following at December 31, 2004.

	<u>Category</u>		<u>Carrying</u>	<u>Fair</u>
	<u>1</u>	<u>3</u>	<u>Amount</u>	<u>Value</u>
Investments not subject to categorization:				
State Treasurers				
Investment Pool			\$ 6,496,111	\$ 6,496,111
	\$...	\$...	\$ 6,496,111	\$ 6,496,111

COMPONENT UNITS

At December 31, 2004, the book balance of cash on deposit was \$933,355 and the bank balance was \$921,130. Of these deposits, \$127,454 was covered by Federal depository insurance and is classified as Category 1 under GASB Statement 3. The remaining bank balance of \$793,676 is classified as Category 3. Deposits are not collateralized nor are they required to be by State statute.

Investments are carried at amortized cost and consist of the following at December 31, 2004:

	<u>Category</u>		<u>Carrying</u>	<u>Fair</u>
	<u>1</u>	<u>3</u>	<u>Amount</u>	<u>Value</u>
U.S. Treasury Securities		\$ 3,762		\$ 3,762
Investments not subject to categorization:				
State Treasurers				
Investment Pool			\$ 8,457,901	8,457,901
	\$...	\$ 3,762	\$ 8,457,901	\$ 8,461,663

4. **CASH AND INVESTMENTS (Continued)**

Total Reconciliation

<u>Description</u>	<u>Primary Government</u>	<u>Component Units</u>
Investments - restricted	\$ 1,222,147	\$ 6,155,776
Cash and cash equivalents	3,220,838	933,355
Cash - restricted	20,947	
Investments	<u>5,273,964</u>	<u>2,305,887</u>
	<u>\$ 9,737,896</u>	<u>\$ 9,395,018</u>
Deposits	\$ 3,241,785	\$ 933,355
Investments	<u>6,496,111</u>	<u>8,461,663</u>
	<u>\$ 9,737,896</u>	<u>\$ 9,395,018</u>

5. **RETIREMENT PLAN - PRIMARY GOVERNMENT**

CARBON COUNTY

Plan Description. Carbon County contributes to the Local Governmental Contributory Retirement System and Local Governmental Noncontributory Retirement System, Public Safety Retirement System for employers with Social Security coverage, administered by the Utah Retirement Systems. Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System, and Public Safety Retirement System for employers with Social Security coverage. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

5. RETIREMENT PLAN - PRIMARY GOVERNMENT (Continued)

Funding Policy: Plan members in the Local Governmental Contributory Retirement System are required to contribute 6.00% of their annual covered salary (all or part may be paid by the employer for the employee) and Carbon County is required to contribute 7.08% of their annual covered salary. In the Local Governmental Noncontributory Retirement System Carbon County is required to contribute 11.09% of their annual covered salary. In the Public Safety Retirement System, Carbon County is required to contribute 19.08% of their annual covered salary for members in the noncontributory division. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

Carbon County contributions to the Local Governmental Contributory Retirement System for the years ending December 31, 2004, 2003 and 2002 were \$16,232.81, \$13,255.52 and \$10,915.68 respectively and for the Noncontributory Retirement System the contributions for December 31, 2004, 2003 and 2002 were \$327,310.88, \$287,645.57 and \$264,413.57 respectively and for the Public Safety Retirement System the contributions for December 31, 2004, 2003 and 2002 were \$198,949.38, \$170,247.21 and \$147,883.77 respectively. The contributions were equal to the required contributions for each year.

SOUTHEASTERN UTAH DISTRICT HEALTH

Plan Description. Southeastern Utah District Health contributes to the Local Governmental Contributory Retirement System. Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

Funding Policy. Plan members in the Local Governmental Contributory Retirement System are required to contribute 6.00% of their annual covered salary (all or part may be paid by the employer for the employee) and Southeastern Utah District Health is required to contribute 7.08% of their annual covered salary. In the Local Governmental Noncontributory Retirement System, Southeastern Utah District Health is required to contribute 11.09% of their annual covered salary. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

Southeastern Utah District Health contributions to Local Governmental Contributory Retirement System for the years ending December 31, 2004, 2003 and 2002 were \$7,325.20, \$5,585.58 and \$4,610.24 respectively and for the Noncontributory Retirement System the contributions for December 31, 2004, 2003 and 2002 were \$121,871.75, \$100,478.13 and \$96,450.74 respectively. The contributions were equal to the required contributions for each year.

6. CONTINGENT LIABILITIES

The County and certain of its officials are defendants in a variety of legal actions involving matters of contract, property, tort, taxation and civil rights. The resolution of these matters is not expected to have a material effect on the County's financial position and have not been provided for the accompanying financial statements.

7. PROPERTY TAXES

The County adopts, by June 22, the proposed tax rates as part of its budget for the current year, which began January 1. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on or before June 15 and are payable on or before November 30.

The County Treasurer collects property taxes levied by the County and other taxing entities within the County (such as the school district). These tax collections are accounted for in the Treasurer's Tax Collection Trust. The Treasurer apportions and remits collected taxes to the Funds of the County and to other taxing entities periodically.

8. OFF BALANCE SHEET RISK

Carbon County, the Primary Government, and its Component Units have many bank accounts with various banking institutions. Some of the bank account balances are substantially over \$100,000. By maintaining several accounts with the same bank with balances exceeding \$100,000, the County has amounts that exceed the FDIC insurance limitation. Consequently, there is a potential loss to the extent that amounts are not insured.

9. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In 1992, the County joined together with other counties in the State to form the Utah Association of Counties (UAC), a public entity risk pool currently operating as a common risk management and insurance program for member Counties. The County pays an annual premium to UAC for its general insurance coverage. The Agreement for Formation of the UAC provides that UAC will be self-sustaining through member premiums and will reinsure through commercial companies.

The County continues to carry commercial insurance for workers compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past two years.

10. **MUNICIPAL SOLID WASTE LANDFILLS**

Carbon County has a landfill that operates within the County. The County has filed with the State for operating permits for the landfill and has received a written approval.

Carbon County has obtained information necessary to determine the nature and source of landfill closure and postclosure care requirements. An amount of liability for closure and postclosure care costs, estimated total current cost of closure and postclosure care remaining to be recognized, percentage of landfill capacity used to date and the nature of the estimates and the potential for changes due to inflation or deflation, technology, or applicable laws or regulations has been calculated by the County and the engineers. The County has set aside an amount of \$20,947 to be put into an account held by the Utah Public Treasurer's Investment Pool.

11. **RECONCILIATION OF INTERFUND TRANSFERS**

The following table provides a reconciliation of all interfund transfers:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 654,780	\$ 971,920
Municipal Services		634,000
Tax Stability	20,000	20,780
Other Governmental	<u>966,920</u>	<u>15,000</u>
	<u>\$ 1,641,700</u>	<u>\$ 1,641,700</u>

12. **BUDGETARY COMPLIANCE**

Unfavorable budget variances were incurred in the following funds:

NON-MAJOR GOVERNMENTAL FUNDS -

Fairgrounds	\$ 290,474
Carbon Leisure Services	18,745

12. BUDGETARY COMPLIANCE (Continued)

GENERAL FUND -

Public Defender	\$ 8,993
Non-departmental	31,117
Landfill	48,484

MUNICIPAL SERVICES FUND -

Sheriff	\$ 17,280
---------	-----------

13. JOINT VENTURE

The County is a member of a joint venture known as Four Corners Community Mental Health Center.

Under Utah State Code Sections 17A-3-600 and 17A-3-700, the State has given substance abuse and mental health authorities to counties to provide mental health and substance abuse services to persons living within their boundaries. To comply with Utah State Code, Carbon, Emery and Grand counties have joined together and created Four Corners Community Mental Health Center. The Center is the entity created by the counties to hold the mental health and substance abuse authorities and provide services required by the State of Utah. The Center has been organized as a non-profit corporation and the governing boards of three counties appointed the original board of directors. The Center contracts with the counties to provide mental health and substance abuse services to the citizens of the three-county area. As part of this contract, the counties provide funds to the Center by contracting for grants with the State of Utah and passing proceeds through to the Center, and by each county making additional local contributions. Because of these agreements, the three counties have an ongoing financial responsibility.

Four Corners Community Mental Health Center was audited for the fiscal year ended June 30, 2004, by Smuin, Rich & Marsing, Price, Utah.

14. RESERVED FUND BALANCES

GENERAL FUND -

\$235,094 is the balance of Restaurant tax collected, to be used for the promotion of tourism and related activity within the county and surrounding area.

\$20,947 is reserved to cover the estimated costs of the landfill closure at some future date.

14. **RESERVED FUND BALANCES (Continued)**

MUNICIPAL SERVICES FUND –

The balance of Class “B” funds reserved for future expenditures relating to “B” roads was \$412,616 at December 31, 2004.

The remaining reserved fund balances simply represents the balance of funds available for expenditures related to the purpose for which the fund was created.

15. **PRIOR PERIOD ADJUSTMENT**

Governmental Activities \$ 414,955

The net amount of General Fixed Assets and Compensated Absences for Southeastern Utah District Health were inadvertently omitted from the prior year financial statements. \$ 442,466

During the year, it was determined that Castleland Resource Development is a non-profit corporation and should not be included in the financial statements of Carbon County. The fund balance of this entity was eliminated from the current year financial statements. (27,511)

Net prior year adjustment \$ 414,955

CARBON COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2004

		SPECIAL REVENUE FUNDS						
CASTLE		COUNTRY TRAVEL BUREAU	FAIR GROUNDS	CARBON LEISURE SERVICES	EMERGENCY TELEPHONE	HISTORICAL PRESERVATION	CARBON COUNTY FUTURE	CENTENNIAL FUND
		\$ 54,649	\$ 65,597	\$ 68,044	\$ 145,794	\$ 1,649	\$ 44,873	\$ 2,414
		9,309			14,205			
		\$ 63,958	\$ 65,597	\$ 68,044	\$ 159,999	\$ 1,649	\$ 44,873	\$ 2,414
<u>LIABILITIES AND FUND EQUITY</u>								
LIABILITIES:								
	Due to other funds	\$ 7,700						
	Accounts payable	7,881	\$ 12,149	\$ 6,351	\$ 1,931		\$ 110	
	Accrued liabilities		1,741	4,059			1,403	
	Total liabilities	\$ 15,581	\$ 13,890	\$ 10,410	\$ 1,931	\$...	\$ 1,513	\$...
FUND EQUITY:								
	Unreserved	\$ 48,377	\$ 51,707	\$ 57,634	\$ 158,068	\$ 1,649	\$ 43,360	\$ 2,414
	Statutory reserved							
	Total fund equity	\$ 48,377	\$ 51,707	\$ 57,634	\$ 158,068	\$ 1,649	\$ 43,360	\$ 2,414
	Total liabilities and fund equity	\$ 63,958	\$ 65,597	\$ 68,044	\$ 159,999	\$ 1,649	\$ 44,873	\$ 2,414

ASSETSLIABILITIES AND FUND EQUITY

CARBON COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2004

	SPECIAL REVENUE FUNDS				DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUND
	R.S.V.P.	CASTLE COUNTRY TRAVEL	COUNCIL ON AGING	NUTRITION	MENTAL HEALTH BUILDING	HABITAT	
Cash on hand and in banks	\$ 36,264	\$ 6,060	\$ 140,431	\$ 51,333	\$ 78	\$	\$ 617,186
Receivables			3,929	27,062		\$ 44,285	98,790
Total assets	\$ 36,264	\$ 6,060	\$ 144,360	\$ 78,395	\$ 78	\$ 44,285	\$ 715,976
<u>LIABILITIES AND FUND EQUITY</u>							
<u>LIABILITIES:</u>							
Due to other funds	\$ 6,723	\$ 631	\$ 7,004	19,654		\$ 44,285	\$ 51,985
Accounts payable				5,038			62,434
Accrued liabilities	563		2,240				15,044
Total liabilities	\$ 7,286	\$ 631	\$ 9,244	\$ 24,692	\$	\$ 44,285	\$ 129,463
<u>FUND EQUITY:</u>							
Unreserved	\$ 28,978	\$ 5,429	\$ 135,116	\$ 53,703	\$		\$ 586,435
Statutory reserved					\$ 78		78
Total fund equity	\$ 28,978	\$ 5,429	\$ 135,116	\$ 53,703	\$ 78	\$	\$ 586,513
Total liabilities and fund equity	\$ 36,264	\$ 6,060	\$ 144,360	\$ 78,395	\$ 78	\$ 44,285	\$ 715,976

CARBON COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	SPECIAL REVENUE FUNDS							
	CASTLE COUNTRY TRAVEL BUREAU	FAIR GROUNDS	CARBON LEISURE SERVICES	EMERGENCY TELEPHONE	HISTORICAL PRESERVATION	CARBON COUNTY FUTURE	CENTENNIAL FUND	R.S.V.P.
REVENUES:								
Taxes	\$ 146,468							
Intergovernmental			\$ 154,744			\$ 31,400		\$ 62,110
Miscellaneous	23,632			\$ 126,616				21,176
Charges for services		\$ 12,110	100,955					
Contributions		304,429						
Total revenues	\$ 170,100	\$ 316,539	\$ 255,699	\$ 126,616	\$	\$ 31,400	\$	\$ 83,286
EXPENDITURES:								
Public safety				\$ 111,621				
Parks, recreation and public property		\$ 524,883	\$ 367,424					\$ 86,558
Public health						\$ 86,460		
Conservation and economic development	\$ 151,508							
Total expenditures	\$ 151,508	\$ 524,883	\$ 367,424	\$ 111,621	\$	\$ 86,460	\$	\$ 86,558
Excess of revenues over (under) expenditures	\$ 18,592	\$ (208,344)	\$ (111,725)	\$ 14,995	\$	\$ (55,060)	\$	\$ (3,272)
Other financing sources (uses):								
Transfers in		\$ 211,208	\$ 109,000			\$ 65,100		\$ 22,183
Transfers out	\$ (15,000)							
Total other financing sources (uses)	\$ (15,000)	\$ 211,208	\$ 109,000	\$	\$	\$ 65,100	\$	\$ 22,183
Excess of revenues and other sources over (under) expenditures and other uses	\$ 3,592	\$ 2,864	\$ (2,725)	\$ 14,995		\$ 10,040		\$ 18,911
Fund Balances - Beginning of year	44,785	48,843	60,359	143,073	\$ 1,649	33,320	\$ 2,414	10,067
Fund Balances - End of year	\$ 48,377	\$ 51,707	\$ 57,634	\$ 158,068	\$ 1,649	\$ 43,360	\$ 2,414	\$ 28,978

CARBON COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	SPECIAL REVENUE FUNDS			DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	CASTLE COUNTRY TRAVEL	COUNCIL ON AGING	NUTRITION	MENTAL HEALTH BUILDING	HABITAT	
REVENUES:						
Taxes	\$ 26,232	\$ 53,543	\$ 163,360		\$ 58,256	\$ 146,468
Intergovernmental						549,645
Miscellaneous		48,300	101,812			321,536
Charges for services						113,065
Contributions	2,000					306,429
Total revenues	\$ 28,232	\$ 101,843	\$ 265,172	\$...	\$ 58,256	\$ 1,437,143
EXPENDITURES:						
Public safety						\$ 111,621
Parks, recreation and public property					\$ 58,256	950,563
Public health	\$ 61,690	\$ 274,283	\$ 552,766			913,607
Conservation and economic development						299,658
Total expenditures	\$ 61,690	\$ 274,283	\$ 552,766	\$...	\$ 58,256	\$ 2,275,449
Excess of revenues over (under) expenditures	\$ (33,458)	\$ (172,440)	\$ (287,594)	\$...	\$...	\$ (838,306)
Other financing sources (uses):						
Transfers in	\$ 15,000	\$ 202,774	\$ 341,655			\$ 966,920
Transfers out						(15,000)
Total other financing sources (uses)	\$ 15,000	\$ 202,774	\$ 341,655	\$...	\$...	\$ 951,920
Excess of revenues and other sources over (under) expenditures and other uses	\$ (18,458)	\$ 30,334	\$ 54,061			\$ 113,614
Fund Balances - Beginning of year	23,887	104,782	(358)	\$ 78		472,899
Fund Balances - End of year	\$ 5,429	\$ 135,116	\$ 53,703	\$ 78	\$...	\$ 586,513

CARBON COUNTY
COMBINING STATEMENT OF NET ASSETS - FIDUCIARY FUNDS
DECEMBER 31, 2004

	SCOTFIELD ASPEN COVE	JC ENTERPRISES	SOUTHEASTERN UTAH DISTRICT HEALTH	FOUR CORNERS COMMUNITY BEHAVIORAL HEALTH	DISTRICT AND PRECINCT COURT	CLERK'S TRUST	COLLECTION TRUST	TOTAL ALL FIDUCIARY FUNDS
ASSETS								
Investments								
Cash on hand and in banks	\$ 86,928	\$ 14,276	\$ 358,519	\$ 562,297	\$ 47,220	\$ 2,161	\$ 2,897,846	\$ 2,897,846
Receivable - taxes							545,878	1,617,279
							58,109	58,109
Total assets	\$ 86,928	\$ 14,276	\$ 358,519	\$ 562,297	\$ 47,220	\$ 2,161	\$ 3,501,833	\$ 4,573,234
LIABILITIES								
Accounts payable			\$ 68,562	\$ 106,829	\$ 10,037		\$ 185,428	\$ 185,428
Precinct fees, bail and bonds payable					37,183		37,183	37,183
Due to taxing units							\$ 3,501,833	\$ 3,501,833
Alimony, support and miscellaneous						\$ 2,161		2,161
Due to other agencies	\$ 86,928	\$ 14,276	289,957	455,468				846,629
Total liabilities	\$ 86,928	\$ 14,276	\$ 358,519	\$ 562,297	\$ 47,220	\$ 2,161	\$ 3,501,833	\$ 4,573,234

CARBON COUNTY
SCHEDULE OF CURRENT TAXES LEVIED, COLLECTED AND TREASURER'S RELIEF
DECEMBER 31, 2004

TAX UNITS	TREASURER'S RELIEF							OTHER COLLECTIONS					
	ADJUSTED TAXABLE VALUE	TAX RATE	TOTAL TAXES LEVIED	UNPAID TAXES	ABATEMENTS	OTHER EXEMPTIONS	TOTAL RELIEF	NET TAXES COLLECTED	PERCENT	FEES IN LIEU	MISCELLANEOUS	DELINQUENCIES TAXES	
												PENALTY AND INTEREST	
COUNTY FUNDS													
General fund	\$ 1,666,058,557	0.002330	\$ 3,881,896	\$ 63,788	\$ 14,534	\$ 5,158	\$ 83,480	\$ 3,798,416	97.85%	\$ 352,518	\$ 18,418	\$ 107,594	
Municipal services	1,230,326,784	0.000170	209,393	2,158	352	291	2,801	206,592	98.66%	15,261	1,485	2,013	
Assessing and collecting	1,666,058,557	0.000452	752,244	12,368	2,818	980	16,166	736,078	97.85%	67,242	3,078	14,284	
Total County Funds			\$ 4,843,533	\$ 78,314	\$ 17,704	\$ 6,429	\$ 102,447	\$ 4,741,086		\$ 435,021	\$ 22,981	\$ 123,891	
SCHOOL DISTRICT:													
Carbon	1,666,058,557	0.006608	\$ 11,010,086	\$ 180,860	\$ 41,208	\$ 14,791	\$ 236,859	\$ 10,773,227	97.85%	\$ 1,008,637	\$ 45,380	\$ 201,785	
CITIES AND TOWNS:													
Price City	244,974,673	0.002703	\$ 662,188	\$ 19,788	\$ 7,379	\$ 1,877	\$ 29,044	\$ 633,144	95.61%	\$ 95,081	\$ (8,633)	\$ 30,155	
Helper City	45,394,039	0.002457	111,522	4,162	1,849	161	6,172	105,350	94.47%	17,264	1,399	2,379	
East Carbon City	42,589,068	0.006183	263,326	11,886	2,571	571	15,028	248,298	94.29%	22,626	1,046	13,888	
Wellington City	43,124,818	0.002162	93,229	5,952	401	42	6,395	86,834	93.14%	15,352	453	7,091	
Sunnyside	54,507,470	0.002204	120,128	1,170	235	10	1,415	118,713	98.82%	6,770	972	419	
Scotfield Town	5,501,705	0.000703	3,865	378	1	19	398	3,467	89.70%	108	31	416	
Total Cities and Towns			\$ 1,254,258	\$ 43,336	\$ 12,436	\$ 2,680	\$ 58,452	\$ 1,195,806		\$ 157,201	\$ (4,732)	\$ 54,348	
OTHER DISTRICTS:													
Price River Water Improvement	851,534,215	0.000860	\$ 732,033	\$ 16,233	\$ 4,906	\$ 683	\$ 21,822	\$ 710,211	97.02%	\$ 124,247	\$ 1,281	\$ 25,270	
Carbon Water Conservancy	1,666,058,557	0.000123	205,266	3,373	769	273	4,415	200,851	97.85%	18,614	843	3,929	
Total Other Districts			\$ 937,299	\$ 19,606	\$ 5,675	\$ 956	\$ 26,237	\$ 911,062		\$ 142,861	\$ 2,124	\$ 29,199	
GRAND TOTAL			\$ 18,045,176	\$ 322,116	\$ 77,023	\$ 24,856	\$ 423,995	\$ 17,621,180		\$ 1,743,720	\$ 65,753	\$ 409,223	

CARBON COUNTY
SOUTHEASTERN UTAH DISTRICT HEALTH DEPARTMENT
SCHEDULE OF CONTRACT REVENUES/EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2004

	GENERAL HEALTH	IMMUNIZATIONS NON VFC	WIC	MCH BLOCK	FLU	CANCER CONTROL
Revenues:						
State Reimbursement	\$ 225,235		\$ 336,422	\$ 87,610		\$ 37,303
General Health	119,567	\$ 79,944		22,972	\$ 86,623	2,649
County	279,890					
School Nurses						
Miscellaneous	25,004					
Grants and other government resources	3,103					
Total Revenues	\$ 652,799	\$ 79,944	\$ 336,422	\$ 110,582	\$ 86,623	\$ 39,952
Expenditures:						
Salaries	\$ 114,546	\$ 10,981	\$ 192,060	\$ 62,749	\$ 13,574	\$ 25,656
Fringe Benefits	56,878	4,055	76,790	25,476	5,075	13,243
Consultants	722	70	1,209	342		133
Contract - MD	1,497	40	789	229	49	692
Contract - Travel						
Patient care	1,280			13,467		
Pharmacy	8,914			5,091		
Supplies - Medical	3,329	600	1,469	3,087	4,394	876
Travel	16,970	110	10,525	3,652	92	1,473
Dues - Periodicals	605	179	974	172	9	108
Education - Training	1,894	7	544	688		17
Capital Purchases	9,296	20	363	1,917	83	140
Utilities	1,948	164	2,944	912	192	403
Maintenance - Repairs	14,186	258	4,510	1,456	276	585
Insurance	2,008	171	3,707	838	829	502
Data Processing	677	541	102	517	704	12
Postage	1,266	111	2,170	666	281	273
Printing - Binding	1,714	6	76	10		28
Rent	38			45	21	
Supplies - Office	1,831	124	2,924	673	68	297
Laboratory	9,004			1,329		
Telephone	3,335	213	7,472	1,231	223	506
Other	16,242	53,084	20,533	681	40,543	4,948
Interest	8,100					
Debt payment	29,425					
State match						
Mini Grants						
Total Expenditures	\$ 305,705	\$ 70,734	\$ 329,161	\$ 125,228	\$ 66,413	\$ 49,892
Net Revenues/(Expenditures)	\$ 347,094	\$ 9,210	\$ 7,261	\$ (14,646)	\$ 20,210	\$ (9,940)

SCHEDULE 5
(Continued)

CARBON COUNTY
SOUTHEASTERN UTAH DISTRICT HEALTH DEPARTMENT
SCHEDULE OF CONTRACT REVENUES/EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2004

	TOBACCO PREVENTION	INDOOR CLEAN AIR	TOBACCO VIOLATIONS	TUBERCULOSIS ELIMINATION	EARLY INTER- VENTION	SENIOR HEALTH
Revenues:						
State Reimbursement	\$ 72,150	\$ 1,937		\$ 6,000	\$ 101,841	\$ 3,806
General Health	600		\$ 6,000		134,182	
County						
School Nurses						
Miscellaneous						
Grants and other government resources						
Total Revenues	<u>\$ 72,750</u>	<u>\$ 1,937</u>	<u>\$ 6,000</u>	<u>\$ 6,000</u>	<u>\$ 236,023</u>	<u>\$ 3,806</u>
Expenditures:						
Salaries	\$ 36,373	\$ 1,460		\$ 14,888	\$ 118,181	\$ 1,243
Fringe Benefits	15,325	578		4,389	50,556	1,928
Consultants	224	4		89	741	61
Contract - MD	1,343	5		55	40,828	
Contract - Travel					824	
Patient Care						
Pharmacy				252		
Supplies - Medical				74		
Travel	2,713	9		1,969	9,627	7
Dues - Periodicals	127	6		170	454	6
Education - Training	890	2		13	336	1
Capital Purchases	1,649	3		34	489	1,601
Utilities	543	24		223	1,604	19
Maintenance - Repairs	853	32			2,404	29
Insurance	758	20		264	2,340	27
Data Processing	26	1		12	551	1
Postage	427	14		186	1,273	14
Printing - Binding	535			2	509	
Rent						
Supplies - Office	874	16		152	1,559	13
Laboratory	42					
Telephone	697	28		297	3,245	25
Other	8,058			321	368	2
Interest						
Debt payment						
State match						
Mini Grants						
Total Expenditures	<u>\$ 71,457</u>	<u>\$ 2,202</u>	<u>\$...</u>	<u>\$ 23,390</u>	<u>\$ 235,889</u>	<u>\$ 4,977</u>
Net Revenues/(Expenditures)	<u>\$ 1,293</u>	<u>\$ (265)</u>	<u>\$ 6,000</u>	<u>\$ (17,390)</u>	<u>\$ 134</u>	<u>\$ (1,171)</u>

CARBON COUNTY
SOUTHEASTERN UTAH DISTRICT HEALTH DEPARTMENT
SCHEDULE OF CONTRACT REVENUES/EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2004

	IMMUNIZATIONS	BIOTERRORISM	PREVENTION BLOCK	HIV	ENVIRON- MENTAL HEALTH CHS	EPSDT/ CHEC
Revenues:						
State Reimbursement	\$ 43,542	\$ 321,337	\$ 91,769	\$ 1,000	\$ 12,500	\$ 30,109
General Health	79,784	2,208	1,414		76,582	
County						
School Nurses						
Miscellaneous						
Grants and other government resources						
Total Revenues	\$ 123,326	\$ 323,545	\$ 93,183	\$ 1,000	\$ 89,082	\$ 30,109
Expenditures:						
Salaries	\$ 90,437	\$ 123,496	\$ 34,193	\$ 959	\$ 122,599	\$ 20,107
Fringe Benefits	41,979	56,490	14,393	433	46,232	8,327
Consultants	547	635	221	5	642	132
Contract - MD	327	773	131	3	443	73
Contract - Travel						
Patient Care						
Pharmacy						
Supplies - Medical	4,692	1,333	2,637			517
Travel	1,631	27,742	3,497	6	7,645	225
Dues - Periodicals	177	681	263	3	453	140
Education - Training	48	2,871	1,177	1	74	13
Capital Purchases	468	70,006	1,613	2	231	37
Utilities	1,361	1,854	513	15	1,890	303
Maintenance - Repairs	2,215	2,829	800	22	2,834	477
Insurance	1,719	1,912	496	22	2,368	276
Data Processing	2,049	4,909	13		63	499
Postage	1,078	1,443	345	10	1,343	222
Printing - Binding	296	1,497	233		16	4
Rent						
Supplies - Office	1,163	4,726	638	4	2,306	242
Laboratory						
Telephone	1,739	6,912	657	18	2,388	392
Other	764	14,460	1,095		96	374
Interest						
Debt payment						
State match						
Mini Grants			25,000			
Total Expenditures	\$ 152,690	\$ 324,569	\$ 87,915	\$ 1,503	\$ 191,623	\$ 32,360
Net Revenues/(Expenditures)	\$ (29,364)	\$ (1,024)	\$ 5,268	\$ (503)	\$ (102,541)	\$ (2,251)

SCHEDULE 5
(Continued)

CARBON COUNTY
SOUTHEASTERN UTAH DISTRICT HEALTH DEPARTMENT
SCHEDULE OF CONTRACT REVENUES/EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>CARDIO-CDC</u>	<u>TOBACCO BUYS</u>	<u>CARE-A-VAN</u>	<u>ALL COUNTIES SCHOOL NURSE</u>	<u>NEWBORN CARE</u>
Revenues:					
State Reimbursement	\$ 72,794				
General Health		\$ 20,550	\$ 58,325		\$ 39,536
County					
School Nurses				\$ 85,096	
Miscellaneous					
Grants and other government resources					
Total Revenues	\$ 72,794	\$ 20,550	\$ 58,325	\$ 85,096	\$ 39,536
Expenditures:					
Salaries	\$ 32,441	\$ 7,261	\$ 43,476	\$ 63,534	\$ 12,687
Fringe Benefits	18,669	3,026	16,641	19,306	4,624
Consultants	210	88	255	258	105
Contract - MD	117	111	158	230	46
Contract - Travel					1,271
Patient Care					
Pharmacy					
Supplies - Medical				469	
Travel	1,706	1,426	23,474	3,586	
Dues - Periodicals	84	25	267	219	55
Education - Training	442	2	24	507	5
Capital Purchases	2,417	10	42	236	15
Utilities	455	98	661	985	203
Maintenance - Repairs	756	177	1,008	1,455	306
Insurance	270	33	872	1,400	290
Data Processing	17	2	26	337	449
Postage	357	107	499	708	139
Printing - Binding	210	1	7	8	3
Rent	16	4	24		2
Supplies - Office	432	170	932	1,072	185
Laboratory					
Telephone	624	141	2,205	1,932	249
Other	11,323	2,911	4,201	1,430	62
Interest					
Debt payment					
State match			18,918		8,253
Mini Grants	7,722				
Total Expenditures	\$ 78,268	\$ 15,593	\$ 113,690	\$ 97,672	\$ 28,949
Net Revenues/(Expenditures)	\$ (5,474)	\$ 4,957	\$ (55,365)	\$ (12,576)	\$ 10,587

CARBON COUNTY
SOUTHEASTERN UTAH DISTRICT HEALTH DEPARTMENT
SCHEDULE OF CONTRACT REVENUES/EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2004

	INFANT DEVELOPMENT	CASE MANAGEMENT	ENVIRONMENTAL HEALTH DEQ	COMMUNITY BASED SERVICES	TOTAL
Revenues:					
State Reimbursement	\$ 18,121	\$ 26,314	\$ 83,220	\$ 85,865	\$ 1,658,875
General Health			42,836		773,772
County					279,890
School Nurses					85,096
Miscellaneous					25,004
Grants and other government resources					3,103
Total Revenues	\$ 18,121	\$ 26,314	\$ 126,056	\$ 85,865	\$ 2,825,740
Expenditures:					
Salaries	\$ 11,099	\$ 18,081	\$ 98,899	\$ 58,708	\$ 1,329,688
Fringe Benefits	4,789	4,789	44,533	18,203	556,727
Consultants	67	207	719	218	7,904
Contract - MD	41	65	352	212	48,609
Contract - Travel					2,095
Patient Care					14,747
Pharmacy					14,257
Supplies - Medical					23,477
Travel	414	707	6,201	471	125,878
Dues - Periodicals	36	69	377	255	5,914
Education - Training	5	4	51	43	9,659
Capital Purchases	329	26	185	91	91,303
Utilities	159	257	1,462	978	20,170
Maintenance - Repairs	269	449	2,265	1,382	41,833
Insurance	50	175	1,938	1,803	25,088
Data Processing	3	7	55	23	11,596
Postage	110	205	1,121	664	15,032
Printing - Binding	4	4	17	6	5,186
Rent	15				165
Supplies - Office	119	218	1,070	742	22,550
Laboratory			2,250		12,625
Telephone	216	347	2,472	1,161	38,725
Other	43	49	104	151	181,843
Interest					8,100
Debt payment					29,425
State match					27,171
Mini Grants					32,722
Total Expenditures	\$ 17,768	\$ 25,659	\$ 164,071	\$ 85,111	\$ 2,702,489
Net Revenues/(Expenditures)	\$ 353	\$ 655	\$ (38,015)	\$ 754	\$ 123,251

SMUIN, RICH & MARSING

CERTIFIED PUBLIC ACCOUNTANTS

47 North First East

Price, Utah 84501

Phone (435) 637-1203 • FAX (435) 637-8708

CRAIG G. SMUIN, C.P.A.
R. KIRT RICH, C.P.A.
GREG MARSING, C.P.A.
DOUGLAS RASMUSSEN, C.P.A.

MEMBERS

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

Board of County Commissioners
Carbon County
Price, Utah 84501

Re: Report on Legal Compliance with Applicable
Utah State Laws and Regulations

We have audited the financial statements of Carbon County, for the year ended December 31, 2004, and have issued our report thereon dated August 5, 2005. As part of our audit, we have audited Carbon County's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah's Legal Compliance Audit Guide. The County received the following major State assistance programs from the State of Utah:

- General Health (Department of Health)
- B Road Funds (Department of Transportation)
- Liquor Allotment (State Tax Commission)
- CIB Grant/Loan (Department of Community and Economic Development)
- Children Justice (Department of Health and Human Services)

The County also received the following nonmajor grants, which are not required to be audited for specific compliance requirements: (However, these programs were subject to testwork as part of the audit of Carbon County's financial statements.)

- Airport Improvements (Department of Transportation)
- Early Intervention (Department of Health)
- Environment Health DEQ (Department of Health)
- T/B Medication (Department of Health)
- Cancer Promotion and Control (Department of Health)
- Indoor Clean Air (Department of Health)
- PILT State (State Tax Commission)
- RSVP (Department of Health)
- Emergency Medical Services (Department of Health)
- Library Bookmobile (Department of Community and Economic Development)
- CHEC (Department of Health)
- HMEP (Department of Health)
- Tobacco Prevention (Department of Health)
- Emergency Mosquito Control (Department of Health)
- Predator Control (Department of Natural Resources)
- Fire Control (Department of Natural Resources)
- LHD Environmental Services (Department of Health)
- Children Justice Services (Department of Child and Family Services)
- Consumer Education and Assistance (Department of Health)

Our audit also included testwork on the County's compliance with those general compliance requirements identified in the Compliance Manual for Audits of Local Governments in Utah including:

Public Debt
Transient Room Tax
Statement of Taxes Charged,
Collected and Disbursed
Assessing & Collecting of Property Taxes
B & C Road Funds
Uniform Building Code

Liquor Law Enforcement
Cash Management
Purchasing Requirements
Budgetary Compliance
Justice Courts
Truth in Taxation &
Property Tax Limitations
Other Compliance Requirements

The management of Carbon County is responsible for the County's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying management letter. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Carbon County, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended December 31, 2004.

SMUIN, RICH & MARSING

Smuin, Rich & Marsing

Price, Utah

August 5, 2005

SMUIN, RICH & MARSING

CERTIFIED PUBLIC ACCOUNTANTS

47 North First East

Price, Utah 84501

Phone (435) 637-1203 • FAX (435) 637-8708

CRAIG G. SMUIN, C.P.A.
R. KIRT RICH, C.P.A.
GREG MARSING, C.P.A.
DOUGLAS RASMUSSEN, C.P.A.

MEMBERS
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

Board of County Commissioners
Carbon County
Price, Utah 84501

RE: Report on Compliance and Other Matters
and on Internal Control Over Financial
Reporting Based on an Audit of Financial
Statements Performed in Accordance With
Government Auditing Standards

We have audited the financial statements of Carbon County as of and for the year ended December 31, 2004, and have issued our report thereon dated August 5, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

SMUIN, RICH & MARSING

Smuin, Rich & Marsing

Price, Utah

August 5, 2005

SMUIN, RICH & MARSING

CERTIFIED PUBLIC ACCOUNTANTS

47 North First East

Price, Utah 84501

Phone (435) 637-1203 • FAX (435) 637-8708

CRAIG G. SMUIN, C.P.A.
R. KIRT RICH, C.P.A.
GREG MARSING, C.P.A.
DOUGLAS RASMUSSEN, C.P.A.

MEMBERS
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

Board of County Commissioners
Carbon County
Price, Utah 84501

RE: Report on Compliance With Requirements
Applicable to Each Major Program and
Internal Control Over Compliance in
Accordance With OMB Circular A-133

Compliance

We have audited the compliance of Carbon County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2004.

The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements, laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2004. The results of our auditing procedures disclosed no instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133.

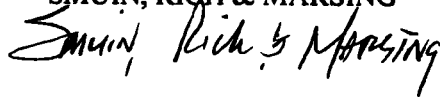
Internal Control Over Compliance

The management of Carbon County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, County Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

SMUIN, RICH & MARSING



Price, Utah

August 5, 2005

**CARBON COUNTY/SEUDHD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of Carbon County.
2. There were no reportable conditions or material weaknesses disclosed in internal control by the audit over the financial statements.
3. No instances of noncompliance material to the financial statements of Carbon County were disclosed by the audit.
4. There were no reportable conditions or material weaknesses in internal control over major programs disclosed by the audit.
5. The auditors' report on compliance for the major federal award programs for Carbon County expresses an unqualified opinion.
6. The audit of Carbon County's major programs disclosed no audit findings relating to major programs that the auditor is required to report.
7. The programs tested as major programs included:

<u>Program</u>	<u>CFDA#</u>
WIC Administration and Nutrition/Food Vouchers	10.557
FAA – Airport Improvement Program	20.106
Bioterrorism	93.283

8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Carbon County was determined to be a low-risk auditee.

B. FINDINGS-FINANCIAL STATEMENTS AUDIT

None

**C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

None

CARBON COUNTY/SEUDHD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2004

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT OR PASS THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	CASH/ACCRUED (DEFERRED) REVENUE AT JANUARY 1, 2004	RECEIPTS OR REVENUE RECOGNIZED	DISBURSEMENTS/ EXPENDITURES	CASH/ACCRUED (DEFERRED) REVENUE AT DECEMBER 31, 2004
U.S. DEPARTMENT OF AGRICULTURE							
Pass Through State Department:							
WIC Administration and Nutrition (Note 2)	10 557 *	C7-I	\$ 340,800	\$	\$ 157,169	\$ 157,169	
WIC Administration and Nutrition (Note 2)	10 557 *	C7-I	358,100		83,505	83,505	
WIC Food Vouchers (Note 2)	10 557 *	C7-I	865,400		644,517	644,517	
WIC Food Vouchers (Note 2)	10 557 *	C7-I	901,800		203,118	203,118	
Summer Food	10 559	C6-II	100		100	100	
Forest Reserve	10 666				1,884	1,884	
Pass Through Southeastern Utah Association of Governments							
USDA Cash in Lieu	10 550	N/A	75,000		74,372	74,372	
Total U.S. Department of Agriculture			\$ 2,541,200	\$	\$ 1,164,665	\$ 1,164,665	\$
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT							
Pass through State Department:							
CDBG - Housing Authority	14 228	03-0110			\$ 19,303	\$ 19,303	
CDBG - Housing Authority	14 228	04-0593			38,953	38,953	
Total U.S. Department of Housing and Urban Development			\$	\$	\$ 58,256	\$ 58,256	\$
U.S. DEPARTMENT OF JUSTICE							
Direct Program:							
Victims of Crime	16 575	98-VOCA-5			\$ 22,358	\$ 22,358	
Total U.S. Department of Justice			\$	\$	\$ 22,358	\$ 22,358	\$
U.S. DEPARTMENT OF TRANSPORTATION							
Pass through State Department:							
FAA - Airport Improvement Program	20 106 *	3-49-0026-09	1,591,000	\$	\$ 1,540,504	\$ 1,540,504	
FAA - Airport Runway Extension	20 106 *		72,000		70,582	70,582	
Scenic Byway Grant	20 205				11,232	11,232	
Total U.S. Department of Transportation			\$ 1,663,000	\$	\$ 1,622,318	\$ 1,622,318	\$

* Major Programs

CARBON COUNTY/SEUDHD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2004

FEDERAL CFDA NUMBER	FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	GRANT OR PASS THROUGH GRANTORS NUMBER	PROGRAM OR AWARD AMOUNT	CASH/ACCRUED (DEFERRED) REVENUE AT JANUARY 1, 2004	RECEIPTS OR REVENUE RECOGNIZED	DISBURSEMENTS/ EXPENDITURES	CASH/ACCRUED (DEFERRED) REVENUE AT DECEMBER 31, 2004
93.919	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES Pass through State Department	C3-I	\$ 38,200	\$	\$ 21,962	\$ 21,962	
93.919	Cancer Promotion	C3-I	36,496		13,102	13,102	
93.116	TB Elimination	C5-I	6,000		6,000	6,000	
93.268	Immunizations	C4-II	45,299		21,771	21,771	
93.268	Immunizations	C4-II	45,262		21,771	21,771	
93.268	Immunization Vaccine	N/A	167,509		138,327	138,327	
93.283	Comprehensive Tobacco	C3-V	33,000		14,509	14,509	
93.283	Comprehensive Tobacco	C3-V	33,000		21,144	21,144	
93.283	Bioterrorism	02-2838	243,330		18,870	18,870	
93.283	Bioterrorism	05-1287	250,497		106,353	106,353	
93.283	Bioterrorism	04-1375	278,329		194,408	194,408	
93.283	Epidemiology	05-0374	3,656		731	731	
93.556	Family Preservation				24,449	24,449	
93.667	Social Services Block Grant - XX	N/A			1,850	1,850	
93.778	CHEC	C1-I	16,100		12,713	12,713	
93.778	CHEC	C1-I	16,100		9,211	9,211	
93.778	Care A Van Grant	97-1906	431,000		25,436	25,436	
93.778	Cons. Education & Assistance	C1-II	35,000		7,062	7,062	
93.940	Cons. Education & Assistance	C5-III	1,000		11,865	11,865	
93.945	HIV Counseling/Education	C3-II	50,000		1,000	1,000	
93.945	HDSP - CDC Cooperative	C3-II	50,000		39,102	39,102	
93.977	HDSP - CDC Cooperative	C5-II	50,000		15,534	15,534	
93.991	Sexually Transmitted Disease	C3-II	500		500	500	
93.991	HDSP - PBG Infrastructure	C3-II	20,000		20,000	20,000	
93.991	Cardiovascular - Infrastructure	C3-II	7,722		7,722	7,722	
93.991	HDSP - Preventative Block Grant	C3-II	43,333		33,693	33,693	
93.991	Child Injury Prevention	C3-III	11,196		7,205	7,205	
93.991	Child Injury Prevention	C3-III	11,196		3,500	3,500	
93.994	Child Injury Prevention	C3-III	31,733		20,506	20,506	
93.994	Child Injury Prevention	C3-III	31,733		17,302	17,302	
93.994	Child Adol. School IDP	C4-I	16,000		7,339	7,339	
93.994	Child Adol. School IDP	C4-I	16,000		10,782	10,782	
93.994	Community Based Services	C2-I	98,022		37,662	37,662	
93.994	Community Based Services	C2-I	98,022		48,203	48,203	
93.994	General Health	C4-I	87,610		43,805	43,805	
93.994	General Health	C4-I	87,610		43,805	43,805	

* Major Programs

CARBON COUNTY/SEUDHD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2004

FEDERAL CFDA NUMBER	GRANT OR PASS THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	CASH/ACCURED (DEFERRED) REVENUE AT JANUARY 1, 2004	RECEIPTS OR REVENUE RECOGNIZED	DISBURSEMENTS/ EXPENDITURES	CASH/ACCURED (DEFERRED) REVENUE AT DECEMBER 31, 2004
FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE						
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Pass Through Southeastern Utah Association of Governments:						
Health Insurance Information Program						
93 990	N/A	\$ 3,000	\$	3,000	\$	3,000
Special Program of Aging -						
93 044	N/A	48,644		24,469		24,469
93 044	N/A	47,148		23,574		23,574
93 045	N/A	77,130		38,696		38,696
93 045	N/A	77,956		38,978		38,978
Title III, Nutrition						
93 667	N/A	5,922		3,806		3,806
93 667	N/A	8,053		5,922		5,922
93 667	N/A	7,975		4,026		4,026
Social Services Block Grant - XX						
Social Services Block Grant - XX						
Social Services Block Grant - XX						
Total U.S. Department of Health and Human Services			\$ 2,651,283	\$ 1,175,953	\$ 1,175,953	\$
ENVIRONMENTAL PROTECTION AGENCY						
Pass through State Department:						
66 605	05-0461	2,500	\$	1,250	\$	1,250
66 468	05-0461	10,650		5,325		5,325
Drinking Water Funds						
Total Environmental Protection Agency			\$ 13,150	\$ 6,575	\$ 6,575	\$
CORPORATION FOR NATIONAL SERVICE						
Pass through State Department:						
94 002	440-P062/20	36,701	\$	36,701	\$	36,701
Retired Senior Volunteer Program						
U.S. DEPARTMENT OF EDUCATION						
Pass through State Department:						
84 181	C2-II	59,933	\$	12,603	\$	12,603
84 181	C2-II	61,563		36,479		36,479
Early Intervention						
Early Intervention						
Total U.S. Department of Education			\$ 121,496	\$ 49,082	\$ 49,082	\$

* Major Programs

CARBON COUNTY/SEUDHD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2004

FEDERAL CFDA NUMBER	GRANT OR PASS THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	CASH/ACCURED (DEFERRED) REVENUE AT JANUARY 1, 2004	RECEIPTS OR REVENUE RECOGNIZED	DISBURSEMENTS/ EXPENDITURES	CASH/ACCURED (DEFERRED) REVENUE AT DECEMBER 31, 2004
		\$ 7,500	\$	\$ 7,500	\$ 7,500	\$
83 505						
FEDERAL EMERGENCY MANAGEMENT AGENCY						
Pass through State Department:						
FEMA						
		\$ 88,129	\$	\$ 88,129	\$ 88,129	\$
97 067						
U. S. DEPARTMENT OF HOMELAND SECURITY						
Direct Program:						
Home Land Security						
		\$ 7,122,459	\$	\$ 4,231,537	\$ 4,231,537	\$
TOTAL FEDERAL ASSISTANCE						

* Major Programs

CARBON COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AS OF DECEMBER 31, 2004

1. SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is a summary of program activity of the County's federal award programs and does not necessarily present transactions that would be included in financial statements of the County presented on the modified accrual basis of accounting, as contemplated by generally accepted accounting principles.

2. FOOD INSTRUMENTS

Amounts shown on the schedule of expenditures of federal awards as WIC food vouchers are not direct cash expenditures of Carbon County. The Southeastern Utah Health District operates the Women, Infant and Children program. As part of this program the Health District distributes food instruments provided by the State of Utah that can be redeemed at local stores for food items. The dollar amounts, reported on the schedule of expenditures of federal awards, are the fair market value of the food instruments.

3. VACCINES

As part of the immunization program of the Southeastern Utah Health District, vaccines were provided by federal agencies. The fair market values of these vaccines have been reported on the schedule of expenditures of federal awards as immunization vaccines.

4. MEDICAID CASE MANAGEMENT

Medicaid Case Management is reimbursed on a fee for service basis. Because of this type of payment, the revenue exceeds the expenses for this program. In order not to have an accrued revenue amount for these programs, additional expenses have been recorded.

**CARBON COUNTY/SEUDHD
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2004**

Carbon County had no prior audit findings that were required to be reported in the current audited financial statements, for previous audited financial statements or previously audited Federal Awards.

SMUIN, RICH & MARSING

CERTIFIED PUBLIC ACCOUNTANTS

47 North First East

Price, Utah 84501

Phone (435) 637-1203 • FAX (435) 637-8708

CRAIG G. SMUIN, C.P.A.
R. KIRT RICH, C.P.A.
GREG MARSING, C.P.A.
DOUGLAS RASMUSSEN, C.P.A.

MEMBERS

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

Board of County Commissioners - Carbon County
Southeastern Utah District Health Department
Price, Utah 84501

Ladies/Gentlemen:

The following comments and recommendations are a result of our review of the accounting procedures and internal controls in connection with our examination of the financial statements of Carbon County for the year ended December 31, 2004.

Since our review was made primarily to determine the scope of our auditing procedures and was not intended as a comprehensive study or evaluation of the systems and procedures, this memorandum should not be considered all inclusive.

We welcome the opportunity to discuss any items mentioned in this memorandum or any other accounting or procedural questions.

CARBON COUNTY

INTERNAL CONTROL ISSUES

While reviewing the reimbursement requests for accounts receivable verification, we noted that the at least one grant was filing for reimbursement before the actual expenses had been executed. Although the reimbursement request had the proper item identified for the report, the amount on the report was occasionally different than what was actually expended for the item. The reimbursement report was being filed with quotes or estimates made by vendors and not actual expenses.

Reimbursements for grants should be for actual expenses and not estimates or quotes made by vendors. A reimbursement report is filed to ask for reimbursement for amounts that have been paid, not those that are pending.

We recommend that the County change their policy of filing reimbursement requests that match exactly the final invoice from the vendor and not estimates or quotes.

BUDGETARY COMPLIANCE

Utah law prohibits officers and employees of Counties to incur expenditures or encumbrances in excess of the total appropriations for any fund or department of the County. The County has overspent the following funds in the current fiscal year:

Municipal Services Fund
Special Revenue Funds
General Fund – Various Departments

BUDGETARY COMPLIANCE (Continued)

We recommend the County review the expenditures made, with the adopted budget, to determine if the budgets of the departments or funds are being overspent. Department directors need to evaluate the expenditures for their departments to ensure that budgets are not being over spent.

SOUTHEASTERN UTAH DISTRICT HEALTH DEPARTMENT

DEPOSITS IN OUTLYING AREAS

While reviewing the deposits made by offices in other communities, we noted that deposits made during the end of the months are not always recorded in the financial statements until the beginning of the next month. The deposits are usually for minimal amounts, but they should be made known by the main office on a timely basis.

We recommend that the Health Department obtain information from the outlying areas on a timely basis and ensure that all funds deposited are recorded in the financial statements in the period that they were collected.

DAILY COLLECTION OF FUNDS AND SEPARATION OF DUTIES

While reviewing the collection of funds at the front desk, our review determined several areas of concern. 1) a receipt was not always written when funds were collected, 2) the same individual who was collecting the funds was also reconciling the account, 3) observation or spot-checking of the account was not being performed on a regular basis and 4) during our review, the funds and supporting documentation did not reconcile.

We recommend that changes be implemented to assign a different individual to count the funds and make the necessary deposit. A policy of writing receipts for all funds collected should be implemented. A surprise inspection of the account should be done periodically to help improve the internal controls. As this process occurs in outlying areas also, the Health Department should also establish the same procedures and surprise inspections to these outlying areas.

SUMMARY

We feel the accounting procedures and internal control items mentioned above are some areas where Carbon County and Southeastern Utah District Health Department can make changes so as to further improve their internal control structures to safeguard the assets, check the accuracy and reliability of accounting data and promote operating efficiency.

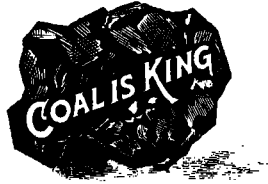
Sincerely,

SMUIN, RICH & MARSING

Smuin, Rich & Marsing

Price, Utah

August 5, 2005



CARBON COUNTY

PRICE, UTAH 84501

September 22, 2005

AUSTIN JOHNSON, CPA
OFFICE OF THE STATE AUDITOR
211 STATE CAPITOL
SALT LAKE CITY, UT 84114

Dear Mr. Johnson,

In order to satisfy the reporting requirements for Carbon County's annual audit, I am hereby submitting my response to the Management Letter to the County Commissioners from Smuin, Rich & Marsing.

INTERNAL CONTROL ISSUES

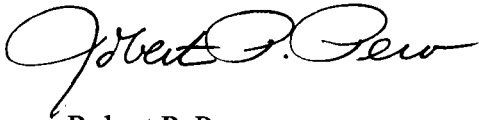
The area of concern involves grants that were awarded for homeland defense. This grant was administered through the Sheriff's office and did not have much supervision. I have already meet with the Commission, Sheriff and grant administrator about the corrections that will need to be made in order for these funds to be expended and accounted for correctly.

BUDGETARY COMPLIANCE

During the 2004 year several Special Revenue Funds and Various Departments in the General Fund and the Municipal Services Fund overspent their budgets. I will be meeting with the Commission in the near future to address this continued problem. In the future I will monitor all funds for expenditures made as compared to budget so that this situation does continue to occur.

If you have any questions or require any additional information, please contact me during business hours at 435-636-3224.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert P. Pero". The signature is fluid and cursive, with the first name "Robert" being more prominent than the last name "Pero".

Robert P. Pero
Carbon County Clerk/Auditor

cc: William Krompel
Michael Milovich
Steve Burge